agent was kidnapped. In Sattenapalli Mandal there were clashes... *(Interruptions)* . .. and fifteen persons were injured and polling was postponed. TDP supporters set fire to the house of a Congress-I worker. These are matters which we anticipated and feared, but despite the reign of terror which was sought to be unleashed, the Congress won the election and I think Mr. Upendra would do a service to his leader and his party gracefully accepting the verdict...

SHRI PARVATHANENI UPENDRA: We have already said that we accepted the verdict. The Chief Minister also issued a statement accepting the verdict. You need not tell us.

SHRI P. CHIDAMBARAM: ... by accepting the spirit of democracy, by accepting the spirit of debate. Don't make a mountain of a molehill. You must imbile the spirit of democracy, you must imbile the spirit of debate, and that is the lesson of this debate.

HALF-AN-HOUR DISCUSSION ON POINTS ARISING OUT OF THE ANSWER GIVEN IN THE RAJYA SABHA ON THE 1ST DECEMBER, 1987 TO STARRED QUESTION 342, REGARDING COUNTER-TRADE AGREEMENT WITH BOFORS

SHRI DIPEN GHOSH (West Bengal): Mr. Vice-Chairman, ...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I would request Members to ask pointed questions and not make speeches.

SHRI DIPEN GHOSH: I have not even started...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); I am making mis request to all the Members.

डा० रत्नाकर पाण्डेय (उत्तर प्रदेश) : श्रीमन्, बोफोर्स पर आलरेडी संसदीय समिति बैठी हुई है इसलिये जब तक उसकी फाइलिन्गज नहीं आ जाती हैं तब तक उस पर बहस नहीं होनी चाहिए।

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): This has been allowed by the Chairman. You can speak, Mr. Dipen Ghosh.

SHRI DIPEN GHOSH: Mr. Vice-Chairman, when, along with my other colleague, I had raised certain questions under Starred Question 342 of 1st December, though about forty minutes were spent in replying to all the supplementaries, we found that many more questions still remained unanswered. So we wanted a full-fledged discussion on this issue. However, the Chairman has kindly consented to grant a half-an-hour discussion, and I must cojivey our thanks, through you, to the Chairman for giving me this opportunity to raise a half-an-hour discussion on this very important issue. It is because, Sir, of the fact that in reply to my question on the 1st of Decemt-ber 1987, Shri Ram Niwas Mirdha, who was replying on behalf of the Minister of Commerce, had stated:

> "Counter-trade is a well accepted policy of the Government for promotion of exports from our country and we are importing a lot of things from all over the world and we want to use this bargaining position t_0 promote our exports."

Sir, it is true that counter-trade is a well established policy of our coun try in promoting exports, in promot ing the export trade of our country, against imports. But so far as my knowledge goes, till now $Indi_a$ has counter-trade at least worth about Rs. 1,400 crores and of this amour^, about one-third comes from M/s. Bofors alone. So, this seems to be very important and my learned friend on the other side, Mr. Ratnakar Pandey, did not know about what this Half-an-hour Discussion is on because the word 'Bofors' haunts them everywhere, . . . *(Interruptons)* ... whether it is in connection with the arms deal or with counter-trade.

DR. G. VIJAYA MOHAN REDDY (Andhra Pradesh): My sympathies are with them;

SHRI DIPEN GHOSH: But I pity them. Sir, how much India will gain from such a deal is another question. It is very difficult to assess at this moment and, as you may recall, on that day when we discussed this, you had the opportunity also, as a Member of this House, to raise certain supplementaries, and still we are to keep our Angers crossed because though fifty per cent of the total amount involved in the arms deal has to be covered by this counter-trade; so far. only for about Rs. 14 crores some agreement has been reached out of which trade amounting only to R.S. 4 crores has materialised and, according to the statement of the Minister, it will be Rs. 20 crores this year and Rs. 50 erores next year and even if we continue at this rate there is hardly any possibility of completing it unles$_s$ the pace of counter-trade is increased. Sir, the aim ot such a deal is obviously to increase the quantum of trade. But, in practice it does not always work and M/s. Bofors is not an exception, as I have already indicated from the statement given the other day by Shri Ram Niwas Mirdha while answering my original question on behalf of the Minis-tef of Commerce. But that day also, the Minister had replied, while answering certain supplementaries, particularly from one of my colleagues here who is absent today, as to what the items are which we are going to export and what the items are which M/s. Bofors had indicated its willingness to import from us in the same ay. Normally, the items which have been mentioned in the statement of that day are traditional items so far as Indian's export trade , is concerned. We wanted so far as my information goes, to bargain a deal with M/s. Bofors so that we could export more manufactured goods. But, as you know, Sir, an advanced country like Sweden is not interested in buying manufactured goods from our country. I And it is more interested t$_0$ buy raw materials and semi finished goods and. therefore our effort to push the export of manufactured goods through such counter-trade agreement did not material-lise. But the Minister that day tried to bring solace by saying that even items like minerals, though Sweden has go! much i$_n$ its possession, it has agreed to buy from us with the idea to re-export to third countries. So the question came-I which you also personally raised, Sir-about the price. So in such type of counter-agreements and deals the other side. when forced to buy something against the import, tries to bargain either over the items or commodities and|Or over he price. So the question was whether the deal was being made at the international parity price. The reply was evasive inasmuch as the Minister had stated lhat the organisation which has been entrusted to make an agreement and see that the deal is materialised, that organisation will take care of the point. But I want to know specifically *from the* Minister of Commerce today-we are fortunate that both the senior Ministers and the Minister of .State are present--whether it is at -he international parity price; and particularly if We would export, which we otherwise do. directly to third countries, whether we would have gained, and. if so. at what rate and if not, why?

Now, the basic question that ho raised was whether there was any pay-off in signing this deal. This question comes Wheneve,, ihe name Bofors comes. That day the hon. Minister had denied that there was any • commission agent or

[The Deputy Chairman in the Chair.]

there was any question of pay-off. What he had stated was that there is no question of having any commission in this Memorandum of Understanding *(Time Bell rings)* This Memorandum of Understanding does not include many other things, this Memorandum of Understanding is born out of the main contract signed between the Government of India and Bofors in the matter of arms deal. That day Mr. Mirdha had admitted, and in that main contract also there was no clause whereby a commission agent could be appointed or whether it was a kick-back o$_r$ ihe winding up expenses could be paid. When the question arose in this House, Madam, you know, there was an emphatic denial from the other side: there was no commission agent and there was

no question of making pay-off . Our Prime Minister had a talk with the late Prime Minister of Sweden, Mr. Olof Palme, and there was an assurance, so on and so forth. But later on it was admitted that the pay-offs were there. The question is, who received the ■•ame? That is to be seen by the Joint Parliamentary Committee. Here also, there is a denial, but there is no clause in the Memorandum of Understanding either prohibiting appointment of agents or payment of commissions. Madam, it is also admitted.

THE DEPUTY CHAIRMAN: There are 10 other Members. Please be blief.

SHRI DIPEN GHOSH: I know that. That is why I wanted a ful-fledged discussion. Madam, if you could convert a Special Mention into a debate which lasted three days, you can convert this Half-an-Hour Discussion into a two-hour discussion.

THE DEPUTY CHAIRMAN: Please don't try to cast any aspersions on "he Chair. It was the desire of the House from both the sides. Also, it was a very special thing

SHRI PARVATHANENI UPENDRA (Andhra Pradesh): Now also it is the desire of the House.

THE DEPUTY CHAIRMAN: It was something special that the Chairman bad admitted. This was admitted as Half-an-Hour Discussion with your consent. Even if you want to have seven days for it. you could seek permission. But it 'has been admitted as Half-an-Hour Discussion and you have accepted it.

SHRI DIPEN GHOSH: You need not interfere.

THE DEPUTY CHAIRMAN: I am not interfering. But you are interfering with the time of the House. Therefore, I would request you to just make your specific points for clarification.

SHRI DIPEN CHOSH: I have already made specific points. I will make further points, You just have patience.

THE DEPUTY CHAIRMAN: 1 cannot have patience if you go on speaking as much as you like. Please try to understand.

SHRl DIPEN GHOSH: What shall I understand? Is it that you have no patience?

THE DEPUTY CHAIRMAN: You have to understand. After all, there ii some time-limit which is fixed for it.

SHRI DIPEN GHOSH: Madam, there was no clause in the Memorandum of Understanding by which commission agents could be appointed or commission could be paid. The other way round, there was no such clause by which ap pointment of commission agents could be prohibited. It flew from that original contract. In that contract also, there was no such clause. It was admitted later, after much denial at the initial stages, that commission agents were there and commission was paid. When there are local agents, they are likely to be paid commission and those funds can, in turn, be siphoned off for party coffers also. I have already put the question regarding prices and the comparable gain if we could directly export to third countries. I would like to know what gain we could have made or what loss we mould have sustained if we had not gone via Bofors of Sweden. Now I want to put three specific questions. I hope that the hon. Minister of Commerce will note them and give a reply to them. I would like to know whether, as per the Memorandum of Understanding signed between the State Trading Corporation and M/s. Bo fors of Sweden, Bofors have nominated their agents or parties as of date to make purchases. If so, what are the names and detail of such firms including the coun tries of origin of such companies and the commodities they deal with in? Secondly, how many of these firms have already effected the purchases so far? Madam, so far as my information goes. Bofors have already nominated as many as 26 firms from West Germany U.K. and Belgium to buy these Counter-Trade Agreement items from India. And some of these companies have relations with hitherto an Indian citizen now turned NRI non-resident Indian. *(Interruption*)

THE DEPUTY CHAIRMAN: I have already asked him to conclude

SHRI DIPEN GHOSH: Thirdly, I want to task whether a meeting was recently held in London to review this agreement. Why was the meeting held in London, not in Delhi or Stockholm? Who are the State Trading Corporation representatives who took part in this meeting? Who were the Indian agents present in this meeting? I hope the Minister of Commerce will kindly reply to these speciflc questions in specific terms. Now I leave the floor to the other Members to put questions. Thank you, Madam. .

AN HON. MEMBER; Madam...

THE DEPUTY CHAIRMAN: The procedure is that the Minister has to reply and then the Members can ask questions. That i, the procedure.

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. R. DAS MUNSHI): Madam Deputy Chairman, first of all 1 would like---------

श्री राम अवधेश सिंह (बिहार) : मैडम हर पार्टी के लोगों को बोलने के लिये कुछ टाईम दिया जाये ।

SHRI PARVATHANENI UPENDRA: Madam, to save the time of the House, I suggest that let the Member; first make their submissions. . . .

THE DEPUTY CHAIRMAN: Once he replies, then you can pin-pointedly ak him. According to the Rules....

SHRI MURASOLI MARAN (Tamil Nadu): Will you adopt the same procedure afterwards?

THE DEPUTY CHAIRMAN: The Member who has given notice, may make a short statement.... *(lnierruptton*

आप मुझे पढ़ने देंगे क्या प्लीज ?

The Rule says that the Member who has given notice may make a short statement and the Minister concerned shall reply shortly. . . .

AN HON. MEMBER: What is the convention?

THE DEPUTY CHAIRMAN: Any Member who has previously intimated to the Chairman may be permitted to put a question for the purpose of further elucidating any matter of fact....

SHRl NIRMAL CHATTERJEE (West Bengal): Madam, kindly note that two names are listed. And it i_s not said that one of them would first raise the discussion and then tbe Minister will reply. Is it one of them? Whenever two or more names are listed, they have a right to initiate first and then the Minister replies .... *(Interruptions)* Madam, my name is also there.

PROF. C. LAKSHMANNA (Andhra Pradesh): Madam, on the 2nd December, there was a Half-an-Hour discussion. There were three Members who had to raise the question. What was followed was....

SHRI V. NARAYANASAMY (Pondicherry): There was consensus on that day. *(Interruptions)*

SHRI PARVATHANENI UPENDRA: Let us *not* follow different procedures. On that day people were allowed to put questions and then the Minister replied. What is the harm in that? What is the harm in following that?

THE DEPUTY CHAIRMAN: They can ask questions. I wil! allow them to ask questions. Let him reply.

SHRI P. R. DAS MUNSHI: Madam. first of all, I would like to inform the hon. Members of this House as the absence of mine specially on that day was observed and noted, I would Iike to give some clarification. It so happened that at a very momentous hour, I was called when I was in Calcutta. I got an intimation that there was a very important conference in Africa. Madam, as the House is aware, the 75th Anniversary of the African National Congress was held in Tanzania recently in support of their struggle. Many countries with their

Government delegations participated in that and I had to lead the Government of India delegation in that conference which was started only on the 1st of December. So, 1 could not be present here and I intimated the hon. House through the permission of the hon. Chairman of the House and the Parliamentary Affairs Minister....

SHRI PARVATHANENI UPENDRA: What about the senior Minister?

SHRI P. R. DAS MUNSHI: Madam, I would like to....

SHRI PARVATHANENI UPENDRA: He was electioneering.

SHRI P. R. DAS MUNSHI: I would like to inform that the Starred Question No 342 was answered in this House... *{Interruption)* on the 1st of December by my esteemed senior coileague, Mr. Ram Niwas Mirdha. In this connection, a perusal of the record of discussion reveals that very substantial points were raised. Today also, I have heard very carefully and patiently hon. Member Shri Dipen Ghosh who moved this Half-an-Hour Discussion today with certain of bis queries, which I will all answer.

Madam, I would like to make clear first things first, namely, that the House should very carefully observe the tenden cies and trends of the international trade so far as the counter-trade is concerned. The very concept counter-trade in our country was started in 1985-86, but this import-export policy actually took tbe shape on a real footing in the year 1986-87, and in the entire gamut of counter trade the basic concept is maximum bar gaining from both sides. Previously in counter-trade arrangements, whether through Government to Government, public sector to public sector or private party to private party, it was alway. the responsibility of the dealing agency to see that additional items are included than the traditional items and also to take meticulous care to see that finally the export offtake from our side or the import offtake from their side did match in a manner which substantially helped the trade balance of a particular country. Of course, this is the general gamut of the counter-trade and in this direction you always follow this policy direction, wherever we can, wherever there is a big bulk purchase, wherever there is big purchase, we try to insist wherever it can be linked to the bilateral interests of the country.

Madam, the hon. Members from the oppo ition, including Mr. Dipen Ghosh, should have first thanked the Government, apart from the other criticism, to which I would not Iike to refer, since I am' very respectful to the hon. Members, and the House and the Parliamentary Committee, which is dealing with tne other issues. The issue of trade and Commerce is not merely a technical issue. Often I have heard. Madam, the concept of commission being discussed in a manner attributing certain motives on certain organisations. Can any hon. Member in this House cite me an example in the world trade where the concept of commission is being talked of in the sense of commission not as i, interpreted in kickbacks, but commission in the normal sense, in the trade interests, in the trade bargain pattern? Can any hon. Member cite an example that without that any trade arrangement can be linked within the parties, or private parties and public sector parties? Nowhere? It is impossible. And the public sector organisation, which. I feel the Members from the Left parties should defend more, if a public sector organisation like the STC is being every day humiliated about its motive, its functioning, its offers without any basis. then when they go abroad for trade for this country, their basic capability in the eyes of great many competitors goes down and ultimately it is the country that suffers.

Madam, in this matter over the last few years a number of countries have attempted to promote exports linked with the imports. Currently the estimates of the firm world trade in this connection is very vital. At present 25 to 33 per cent of the trade of the world is covered under this form of trade. that is called counter-trade. As we have started very recently. 1986-87 was actually the beginning of this programme

[Shri P. R. Das Munshi].

in our country and by this trade according to the estimate that I have with me Rs. 855 crores of trade we have completed through this counter-trade in tree foreign exchange area's.

Now, the mos$_t$ interesting part which the Hon. Member tried to highlight in pursuance of this discussion. Madam, is lhat how is it possible, that if today tha counter trade is Rs. 4 crores or Rs. 14 crores, within ten years how can 50 per cent of the turnover be completed. Tbe problem is not exactly that. Trade does not follow that rule. If our bilateral trade agreement with the Soviet Union is 2.5 time than the existing turnover if you look at the ending year it would be Rs. 92 hundred crores...

SHRI DIPEN GHOSH: That is Soviet Union.

SHRl P. R. DAS MUNSHI: But today if **you** see the figures, today it might be Rs. 3600 crores. It does not mean impossible because one have to see within two years which are the items particularly which will shoot up the price and which will be expected to improve and give them the result. The turnover of trade between particular countries ten years before and the turnover trade after ten years iire quite different. So, it is not that we cannot achieve. It is the effort from, both sides commodity to see as to which are the areas which can be exchanged to reach the target. W$_e$ have just started. Today, we might have 4 crore or 14 crore trade; maybe next year it is 20 crore or 50 crore. That does not mean that within next ten years, this target cannot bs achieved. We may see the figures of tie past. A country which had a trade of only Rs. 10 crore some twenty years back is tod'ay having a trade of 1800 crores of rupees. How is it possible?

SHRI VISHWANATH PRATAP SINGH (Uttar Pradesh): May I seek s clarification?

THE DEPUTY CHAIRMAN: You can, after he has completed.

SHRl VISHWANATH PRATAP SlNGH; Only on$_e$ clarification. If the target is not achieved in the cotmter-trad.:. what penal clauses have been incorporated?

SHRl P. R. DAS MUNSHI: I will come to that point. All the details would have been known to Vishwanath Pratapji because all these thing are elaborated. Anyway, I will help you again:

1 would like to refer to the matter that the hon. Member raised as to which are the areas where we are going for this trade. Now, the M.O.U. was signed on March 30, 1987 between the STC and the Bofors for export of a wide range of commodities from India, including foodstuffs, beverages, metals, chemicals, pharmaceuticals, manufacture^ goods, nonelectrical and electrical machinery, transport equipment, other finished goods, minerals, commodities like soya-bin ex-traction, groundnut extraction....

SHRI V. GOPALSAMY (Tamil Nadu): That has been repeated already.

SHRI P. R. DAS MUNSHI; Hon. Member wanted to know it, and if I am allowed to complete my statement about the areas....

SHRI DIPEN GHOSH;' I wanted to -say that these commodities have already been mentioned and some of the items, though apparantly are not non-traditional items, that is, *t*hey are traditional ' items, like ores and minerals, but in our trade pattern with Sweden these are non-traditional and they will be re-exporting it to third countries. I wanted to know the comparative price and the gains or the losses.

SHRI P. R. DAS MUNSHI: Let me make it clear that all these exchanges are made at the international price and **not less** than the international price. This is precisely clear, and I would like to remove any confusion. Nowhere such deals were arranged at the cost of our country's economy or at 'he cost of our growers of manufacturers. And you know the international price.

Now, hon. Member, Shri Dipen Ghosh also raised several other points which I hope my senior colleague, Narayan Dattji will reply one by one. But in my sta-tement, I would like to deal with some issues. The need for the deal arose out of India's general policy to build up its exports and earn foreign exchange for its development needs. Bofors company— now. my friend said that Bofors some-times haunts us but I do not know it haunts them 'as the 1942 movement, or its mention, haunts (hem someiimes.... (*Interruptions).*

SHRI DIPEN GHOSH: You were not even born att that time. Why do you say all these tilings? 1 am agreeable to enter into a debate on this issue on any national or international forum. You were not even born at that time. .. *(Interruptions).*

SHRI P. R. DAS MUNSHI; I know your competence; don't explain it-

SHRI V. GOPALSAMY: Why do you mention 1942?

SHRl P. R. DAS MUNSHI: There are several cases where suppliers of armaments have agreed to take up this obligation of counter-purchase. The Bofors company signed M.O.U. with the State Trading Corporation, oar nodal agency in the Commerce Ministry dealing with the matter. It was staled—I was examining the proceedings of the last question—that

the concept of counter-trade was conceived at a later stage. I would like to clear the confusion. The Defence. Ministry signed their deal with Bofors on 24th March. 1986 and on 3rd October, 1986 we started discussing whether within that agreement, the aspect of counter-trade can be looked into in detail. On 28th October, 1986 the Bofors Company infoimed the Ministry of Defence about their meetings

with the Ministry of Commerce and the STC. O_n 27th November, 1986 the Ministry of Commerce informed the Ministry of Defence that the STC j_s the nodal agency for the counter-trade and on 10th December, 1986, Bofors Company discussed the details of the counter-trade 'withe the STC. On 12th December, 1986...

श्री राम अवधेश सिंह : उस समय डिफेंस मिनिस्टर कौन थे ?

SHRI P.R. DAS MUNSHI: Somebodv from the Congress II).

श्री राम अवधेश सिंह : प्राइम मिनिस्टर ?

SHRI P. R. DAS MUNSHI; Madam, in regard 'o the other aspects of the Bofors issue, I do not want to go into the details because these are being looked into by the Joint Parliamentary Committee. But 1 would like to make one thing plain and simple. If a country takes ihe best advantage of a particular purchase or import, linking it with Ihe exports from the country, the question is whether such an arrangement should be appreciated or should be discouraged, This is one. Secondly...

SHRl V. NARAYANASAMY: It is a sound policy.

SHRI P. R. DAS MUNSHI: Often, the question has been raised whether commission agent was th:ie, whether prohibitive clause is there etc. 1 say, he countertrade is deal with by the Ministry of Commerce and the Ministiy of Commerce nominated the STC as the nodal agency. Now, the STC is a trading organisation. It is not a charitable organisation. It is my interest to see that the STC gains the maximum. If the STC compels the Bofors to pay commission, 0.25 per cent or something, whenever they buy something from India in terms of I lie counter-trade, what is wrong in it? It is not giving charity. We cannot say that they can come here and *loo/* the country. This is not the way. Therefore, I defend the role of the STC and I defend what the Ministry of Commerce has be-in doing through this counter-trade to achieve as much as possible to balance our foreign exchange position in terms oi the arms deal, in the best interests of Ihe country. In fact, this is one of the best deals we have entered into.

Now, the question is whether this can be done within ten years or not. If this

[Shrj P. R. Das Munshi]

is not done, what happens. There are clauses. In the Government to Government arrangement which has been entered into between the Government of India and the Government of Sweden, in this understanding, it is very clearly said that the Swedish. Government will ensure that the trade not only Improves but AB Bofors and their associates go for special arrangements by which the counter-trade gets matured. Finally, the obligation of the company to arrange counter-purchase of half the value of the contract within a peribd of ten years is incorporated in tne supply contract itself. The contract is a legally enforceable document and this obligation is enforceable in the same way as are other conditions of the contract. Moreover, the Swedish Government too have accepted the obligation t_0 encourage the increase of Indo-Swedish trade and te- extend to Bofors their co-operation so as to ensure the success of this understanding with Bofors.

I would like to inform the hon. Members of the House that India's exports to Sweden increased to Rs. 55.59 crores in 1986-87, compared to Rs. 43.44 crores in 1985-86. The increase is 25 per cent. The overall trend has continued in the cuirent year. The data available with the DGCIS gives us the picture tint in the period, April to June 1987, exports to Sweden increased "by nearly 90 per cent, from Rs. 9.63 crores in the period April to June 1986 to Rs. 17.55 crores in April to June 1987. Of course, imports have increased. But they increased from Rs. 12.70 crores to only Rs. 54.36 crores in this period. Exports to Sweden include spices, tobacco and shimps. I would like to inform the hon. Member, in this connection, that we are seriously considering the possibility of pushing some tobacco there. Mr. Ppendra may be interested to know. Under the arrangement, we are trying to push more tobacco. We are also seeing whether we can push jute also. This is our effort. We are trynig, lookng to the interest of your also. This is exactly what the arrangement is.

Finally, Madam, there are several instances on which Bofors Company discussed matters both in Delhi and Bombay, and in London, I would like to inform the House, Bofors signed the whole thing. In Delhi, number one, we discussed the whole thing. Bofors visited a number of units in India. In counter-trade arrangement it always happens that a party comes to the country, discusses a thing and periodical reviews arc made. Sometimes, they come to our country, sometimes we go to that country or to organisation.

As you know, STC is our nodal agency and we have a few STC centralised offices abroad. One of them is in New York, one is there in London and in London office >t is then w'n$_0$ proposed to have the review for the other commodities which we can see through. So, we had ihe review in London. Finally, they are coming to New Delhi in January to identify a few more items, whether those items can be taken up. Now the question is, if a particular item is selected, the way to find is (a) the buyers, (b) the interest or the susceptibility of the buyers and then our interest also. So, it takes ome time to crystalise the whole package. It takes time to identify the items and then the offtake starts and finally the ball starts rolling. I would like to submit that the progress that we have made after March is only a beginning.

It is a beginning, but 1 am confident and hopeful that our entire progress will go at a galloping speed. After Ihe January review we are taking meticulous care. Even in export to third countries STC has the right to examine the export credit, that whomsoever they are exporting the items they are not our traditional buyers and that tho;e items which they are taking to third countries should always be added items, apart from those that we regularly supply to (he third countries. This is very very clear. STC is exclusively monitoring it and we are examining it in details. Not only that, whe- ther Bofors has issued circulars, we got no intimation. About those companies which do not traditionally take our material in the usual trade ch annel. Even if there are some lapses, we have asked STC *to* monitor, to identify and if there *i%* a single unit like that to rectify whatever

finally comes to thera So, there is nothing wrong in it. We are going on with, it and there is nothing wrong in it. *(Interruptions).* Certainly, we will look into it. It is our endeavour.

This is what I would like to submit in regard the statement and I hope 1 have answered almost ah the quc-tions of the hon. Member. If, however, a few are left, after listening to the other hon. Members, hon. Shri Tiwariji will clarify.

THE DEPUTY CHAIRMAN: Shri Nirmal Chatterjee.

SHRI PARVATHANENI UPENDRA: Madam, my number is second.

SHRI NIRMAL CHATTERIEE: You may have signed, but you h:ive no time to see the List of Business. My name is there.

Madam Deputy Chairman, I enjoy flexibility though not in matters of principle. My initial reaction is that you could have been kinder to the Minister by allowing him to reply at th? end. What he has said has further complicated the issue.

Madam, Bofors by now is an internationally infamous company. *(Interruptions).* Madam, do I continue? *(Interruptions).* It is not for you, but for the Madam to say.

THE DEPUTY CHAIRMAN: Yes, you cafi. I never asked you to ^top.

SHRI NIRMAL CHATTERJEE: But you never asked me to resume either. Madam, it is an internationally infamous company by now because of its links with South Africa and also because people associate Bofors with th$_e$ murder of Olof Palme. Now we were told in this House that we are dealing with Bofors in terms of commerce. I am surprised that what was asserted to be a defence deal for the defence of our country, is being put as a commercial deal. I thought it was asserted in. this House and it was asserted emphatically that Bofors knew about it that for the sake of our country, for the defence of our country, merit alone would count and that merit related to that gun. If we were to be able to find out a gun better than the one supplied by Bofors, we were told, we would have opted for that. We were told that there was nothing to match the Howitzer of Bofors. And technology concerning Bofors was the only other related issue in our deal with Bofors. We were told that we had told so to Bofors also. Now if Bofors knows that what they are supplying is the best under the sun, if Bofors knows that the technology that they are offering is unmatched in the world, that there are no other competitors even, then why should Bofors give you concessions? Did they not believe you when they were told then that we are interested only in the merit of t'ne question and nothing else and the merit of the question is unequivocally and only related to the defence of our country? Let me remind the House that at that time our perception of the United States or Pakistan was not influenced by statements from Mr. Bush. Our perception is not that even today when we are still pinning our hope on this that Reagan wil! try *to* see the Senate Committee resolution is not passed in the larger House. Our perception at lhat time was that F-16 was being supplied, India was under threat and we must have the best equipment available to us and there was, we were told, no match for Bofors. We were told so because the charge was that a I better thing could have been there and you have accepted it on the basi3 of kick-backs. Therefore it was asserted that there were no kick-backs, but the Swedish Government knows, the Bofors that India is only Interested in the best thing available.

[The Vice-Chairman (Shri Jagesh Desai) in the Chair.]

You have to convince us, if that be so why will that infamous Bofors which understands nothing but profit, offer anything else at all? That is my first question. When the Minister says, we look at it as a commercial deal, my head is bowed in shame. Is it a commercial deal? Are we trading with the defence of our country? The question I ;;m raising, although Mr. V. P. Singh has already mentioned

[Shri Nirmal Chatterjee]

it, is: is it our defence perception that if they fail in buying these items, *the* best thing that you require for defence, you will not accept? Is it provided for in the penalty clause? It s not The Minister could not say that it is provided for in the penalty clause that if they do not import half the amount, we will reduce our purchase of Bofors guns to that extent. And correctly and logically, if the viewpoint is that we traded on the best of terms— other things are incidental; they are not important—no penalty clause need be there. He said he would read out. Perhaps I did not understand him. I felt he did not read out,

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): There are still ten more speakers

SHRl NIRMAL CHATTERJEE; True, but my name is there. I will complete. My question is very simple.

SHRI V. NARAYANSAMY: Still vou could not come to (.he question?

SHRI NIRMAL CHATTERJEE: Yes, I have—already. Let me help you in exercising your intelligence in understanding it.

The question is, in such a deal, what will prod Bofors to enter into these subsidiary deals, being a capitalist, profit-making organisation, giving us the finest of their instruments?

The second question is about kickbacks. He says, commissions are normal. If it is so normal, why was there an attempt to deny that there were commissions? I know, there are friends. Birlaji in this House asserted that there are commissions. If there were commissions, if commissions were normal, what was that cloud which you were trying to cover up? That is my second question. The third question is ... *(Interruptions)* . . . You say that trade is, j_n any case, growing. There is a 25 per cent growth. Did it require Bofors' aid? lt did not. And is ii true that Bofors, which is a non-dealer in these commodities, true to its tradition and true to the tradition— as the Minister acknowledges—of all such illict traders, is agreeable to paying a lour per cent commission to other dealers in Sweden who normally import from us? Why is our trade with Sweden expanding? There maybe hundreds of reasons. We are so closely tied up with Reagan and the dollar- that while all other currencies are appreciating in terms of dollars. ..

THE VICE-CHAIRMAN (SHRI JAGESH DESAl); Please conclude.

SHRI NIRMAL CHATTERJEE-. He is the Minister of Commerce. He should understand these international trade matters. Therefore, I am trying to help him.

The only currency which, *pari passu,* is coming down along with the dollar is our Indain rupee. We are depreciating in terms of yen, we are depreciating in terms of mark, we are depreciating in terms of kroner and we are depreciating along, of course, with dollar. That shows the symbiotic unity we have with the dollar. So the third question is. is it true that they are offering commissions to various par-tics within the country and, since commission agents are so normal, who are their agents, apart from the STC, in India? They have their agents; it is quite normal. Who are the people whom they have nominated in India to negotiate with the STC, as is normal with either Boeings or with Bofors? This is the third question. The fourth question [want to ask is. . .

IHE VICE-CHAIRMAN (SHRI JAGESH DESAI): The last one, I suppose. Please conclude.

SHRl NIRMAL CHATTERJEE; Okay, the last one.

SHRI MURASOLT MARAN; He is put-ting sevral conjunctions I

SHRI NIRMAL CHATTERJEE: It is a half-a.n-hour discussion. It,is a very flexible half an hour. This is 'an hour not on this planet but another planet which is larger than ours! The fourth is, he asks whether it is not undesirable, it is not de-niarating the public sector. Well, if we

ask. if we question the quality of the Government, if we feel that the Government is under shadow, why can a public sector organisation controlled by that Government, be under that shadow? I fail to understand the logic. O.K. This is my fourth question. What is it, whom is the STC itself giving commission in order that ihe deal succeeds?

SHRI V. GOPALSAMY; Mr. Vice-Chairman, Sir, the hon. Minister gave a rosy picture about the merits of the counter-trade, that by this counter-trade our exports would improve. But that is not so. Here, what Bofors did is this. They contacted all the Swedish nationals who were going to import from India and switch over as their own deal. As per the statement made by the hon. Minister on 1st December on the floor of the House, the total exports from India under this clause were not less than 50 per cent of the value of the contract over a period of 10 years. Then, I would like to know from the hon. Minister: Why this 50 pet-cent? Has this facility been given to others? Then what i_s lOO per cent? You say 50 per cent. In the contract, the Bofors contract itself, it is not written that there will not be any commission agents or commission money. So, has the whole commission amount which ha_s been piled up in accounts in Swiss banks also been taken into accounts of this 50 per cent and lOO pe_r cent? Sir, Bofors when that entered into the contract, did not have the technology for this exended range of 30 km.

SHRl GHULAM RASOOL MATTO (Jammu and Kashmir); Mr. Vice-Chairman, Sir, I object to mentioning this because it is before the Committee. *(Interruptions)*

SHRI V. GOPALSAMY: We are very much concerned about the contract.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Matto, don't disturb him. Please sit down.

SHRl V. GOPALSAMY: I am putting the question. *(Interrup/ions)*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Please listen to me. Mr. Gopalsamy, we are discussing the counter-trade.

SHRI V. GOPALSAMY: The counter-trade comes in. You please listen.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI); You restrict yourself. Ask questions about the counter-trade.

SHRI V. GOPALSAMY; Then only wil[you know about counter-commission, counterfeit agents and counter everything else.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): The scope of t'his discussion is regarding the counter-trade.

श्री राम अवधेश सिंह : ये दोनों प्रश्न जुड़े हुए हैं । काउण्टर ट्रेड और सेना के लिये गन डील दोनों एक दूसरे से जुड़े हुए हैं ये एक दूसरे के पूरक हैं ।

उपसभाध्यक्ष (श्री जगेश देसाई) : यह डिसकशन लिमिटेड है ।

SHRI V. GOPALSAMY: Unless you know what 100 per cent is, Mr. Vice-(burman, Sir,...

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): I will not allow if it is out of its scope.

SHRI V. GOPALSAMY: Bofors promised. Mr. Nirmal Chatterjee also spoke about the standard range of 30 km. of the gun. At that time they did not have the technology for that.

THE VICE-CHAIRMAN (SHRI JAGESH DESAl): He is not the Defence Minister. Just listen to me. *(Interrupp-tions)* Please sit down.

SHRI V. GOPALSAMY: What is the position now. Are they able to supply guns of ihe extended range? This is very important.

THE VICE-CHAIRMAN (SHRl JAGESH DESAl): Please understand the scope. Please sit down.

SHRI V. GOPALSAMY; This comes under counter-trade. Please understand.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRl M.M. JACOB): This is outside the parameters of the discussion.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): Please understand.

SHRI V. GOPALSAMY: Mr. Minister, I cannot give you understanding. I am within the parameters.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): Tnat relates to the Defence Ministry. Now the question >s regarding the Commerce Ministry. I will not allow you to speak anything which concerns the Defence Ministry. You speak on whatever is within the scope. *(Interruptions)*

SHRl V. GOPALSAMY: I am putting the question on counter-trade. My point is, if we are not able to get guns with the extended range of 30 km., Sir, ... *(Interruptions).* Please listen.

7.00 P.M.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI). No. *(interruptions)* This discussion relates ta the counter-trade. *(Interruptions).*

SHRl PARVATHANENI UPENDRA: Sir, 'he is trying to drive the point that if it is extended, the amount would have been normally more. Therefore, the 50 per cent would have been more. That is his point, lt is inter-connected.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): I will allow you to make a passing reference only.

श्री लाल कृष्ण आडवाणी : (मध्य प्रदेश) : इन्होंने केवल तोप की बात कही इसलिये इसको डिफेंस नहीं मानना चाहिये । इनका कहना यह है कि जो सवाल पहले पूछ गया था कि क्या पीनल प्रोविजन किया गया है अगर यह पूरा न कर सकें । तो वही सवाल है और कोई सवाल नहीं है जो इस मिनिस्ट्री से संबंधित है, कामर्स मिनिस्ट्री से संबंधित है ।

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): If it relates to the Commerce Ministry, I will allow.

SHRl VISHWANATH PRATAP SINGH: I think the point that the hon. Member is making is if the shells are not supplied, to that extent our counter-trade wil[be affected, because when we buy less, we will sell less. That is the point.

SHRI V. GOPALSAMY: Why should you be so touchy and nervous when I mention Bofors? *(Interruptions)* You people are very nervous That is why you are trying to interrupt me. You have sold out the honour and pride of this country in the streets of Stockholm.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): if you speak without raising your voice, I can understand you-

SHRr v. GOPALSAMY: if they rub me on the wrong side, they will get it. So my specific question, the question which is disturbing the Government is to what extent the counter-trade will be affected, if you are not able to get this extended range of shells of 30 kilometres? *(Interruptions)* You don't understand the question. I am saying this because Bofors did not have the technology at that time to supply the extended shells of 30 kilometres and 80 per cent °f the total requirement of our army of the shells is the extended range of 30 kilometres. So, my question is if Bofors company is not able to supply, to what extent our countertrade will be affected? I would l'ke to know this when you say about the extended range of 30 kilometers. *(Interruptions)* I am coming to the point. Because the Government was assured.. .

AN. HON. MEMBER: He should not be allowed to raise this point.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): You have made that point.

SHRI V. GOPALSAMY: I am going to the next point which is connected with this point.

SHRI MADAN BHATIA (Nominated); Sir, I want to raise a point of order. Sub-rule (5) of Rule 60 says thai:

> "The Member, who 'nas given notice, may make a short statement and the Minister concerned shall reply shortly."

I want a ruling from you, Sir. Thereafter, "any Member who has previously intimated to the Chairman, may be permitted to put a question for the purpose of further elucidating any matter of fact."

The only right which another Member has got is to seek further elucidation on a matter of fact. I want a ruling from you. Is it permissible to a Member in this discussion to make conjectures, assumptions and raise hypothetical situations and make them the basis of asking questions which are not questions, but which relate to another matter of fact?

SHRI V. GOPALSAMY: Does the 'non. Member understand the question?

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): Let him finish.

SHRl MADAN BHATIA: He has made assumptions and conjectures which have no relevance to the discussion. This is the first mistake he is making. The second mistake is he is asking a question on the basis of assumptions and conjectures. Is it permissible under the rules?

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): On this kind of half-an-hour discussion, on so many occasions it went on for two hours or so. That is what 's happening. I wish the Member should ask pointed questions. That is why in the initial stages, I have asked them to do so. I would request the Members once again to put only pointed questions.

Regarding the scope of the discussion, if it relates to the counter trade that will be affected if the guns are not bought, ta that extent, he can ask. Beyond that I will not allow.

AN HON. MEMBER: He can go into the technical aspects.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI); Not on technical aspects.

SHRI V. GOPALSAMY: Mr. Vice-Chairman, Sir, when we engage in counter trade the Swedish should come and check the quality of the goods, likewise we are entitled to check the quality of the goods. They cannot simply throw rubbish here... *(Interruptions)*

SHRI MIRZA IRSHADBAIG (Gujarat): what is your ruling on this?

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): No, please.

SHRI PARVATHANENl UPENDRA: Let 'nim complete.

SHRl MIRZA IRSHADBAIG: What is your ruling?

AN HON. MEMBER: Do you want to accept rubbish?

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): This is an insult to our defence personnel and also to those who have gone and seen it. You are putting them in an awkward position. This is an insult to all.

SHRl V. GOPALSAMY: Mr. Vice-Chairman, Sir, the Maya Das Committee has submitted a report. *(Interruptions).* Swedish Gun was not at all preferred. The Committee preferred Australian and French Gun.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): If the Government will not buy this then the counter trade will be affected, to that extent I will allow you and not beyond that. You ask the ques-lions, the Minister will reply. The scope is limited. Only the counter trade will be affected, to that extent you can ask and not anything else. I will not allow.

SHRl ARUN SlNGH (Uttar Pradesh): Mr. Vice-Chairman, the question about the quality of the gun whether it is connected with this is not a separate issue. My point of order is very simple. This is one of the facts which are under the

[Shri Arun Singh]

purview of the Joint Parliamentary Committee. In the circumstances, there is no point raising it in this discussion. *(Interruptions)* .

SHRI V. GOPALSAMY: For what reasons Maya Das was not summoned? *(Interruptions)* by the Parliament Committee .

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): I am not allowing this.

SHRl V. GOPALSAMY: They have suppressed the truth. They have put the recommendations of that committee in the cold storage.

THE VICE-CHAIRMAN (SHRl JAGESH DESAl): I will not allow it.

SHRI V. GOPALSAMY: I would like to know from the Government.. .

SHRI MIRZA IRSHADBAIG: This is the fourth time he is repeating, *(Eiterrup-tions)*

IHE VICE-CHAIRMAN (SHRl JAGESH DESAI): I am not allowing.

SHRI GHULAM RASOOL MATTO; Mr. Vice-Chairman, Sir, I want a minute from you. I am on a point of order. This issue was raised in the Business Advisory Committee ... *(Interruptions)* Listen please.

SHRl V. GOPALSAMY: That point bas already been made.

SHRI GHULAM RASOOL MATTO: Sir, he does not allow me to speak. When this isuse was raised, my objection in the Business Advisory Committee was also that unless and until the Joint Parliamentary Committee gives its report, we cannot discuss Bofors. *(Interruptions)* After great persuasion. a_s told by Mr Dipen Ghosh to the Chairman that we will discuss the Marred question that has come up. . . *(Interruption)* Now my objection is that I want to make it public that the Joint Parliamentary... *(Interruptions)*

THE VICE-CHAIRMAN (SHRL JAGESH DESAl): No, I am not allowing it. I 'dm not allowing anything to be daeked about it.

SHRL GHULAM RASOOL MATTO: 1 'am telling you that this motion was adopted by this House about the Joint Parliamentary Committee. That is what I am telling you and whether the procedure laid down for the purpose of reference was adhered to. *(Interruption).* Now the point at issue is very clear. If the Committee in its wisdom feels that the procedure has not been adopted, the whole buying falls through. When the whole buying falls through, the counter trade also falls through. It is very clear. *(Interruptians).*

SHRl M.S. GURUPADASWAMY (Karnataka): Mr. Vice-Chairman, Sir, may I make a submission? My hon. friend is misleading the House. In the Business Advisory Committee, we discussed about this issue. We requested the Chairman to allow a discussion on the ground that there are certain new issues arising out of Bofors which had nothing to do with the Committee appointed by Parliament. There are other issues which we went to discuss. For lhat the reply by the Chairman was, here is a quesiton, 1 will 'allow you. We will see later on and if there be anything, we will consider. This is the position. My friend, Mr. Matto was completely isolated in the Business Advisory Committee. Nobody was with him.

PROF. C. LAKSHMANNA: Sir, Mr. $Matt_0$ cited fro_m t'he appointment of the Committee and he said that if the rules are not followed, the first part falls and counter trade also falls. So if that is the case, MIICC the Government has gone ahead with the counter trade business, and as it has corne forward to the House, where is ihe question now? *(Interruption').* Therefore, if ilvii is the fcase, according to him...if we have to accept what he is saying, if there should be no counter trade, then tliere should have been no discussion on counter trade and nothing of the sort. *(Interruption).* Since there has been a counter trade and also to the extent of Ra 4 crores it has been effected and Rs. 14 crores,.. *(Interruption).*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): What do you want to say?

PROF. C. LAKSHMANNA: Therefore, ii there has been counter trade, 1 think it is legitimate for this House to discuss about the counter trade and all those questions which arise out of the counter trade and one such question was made by Mr. V. Gopalsamy and therefore, it is not possible for us not to discuss that particular point. *(Interruption).* I am, not worried about the report whether it is coming or not. I am more worried about the counter trade which has already been effected and as a result of which' the point which has been riased by Mr. V. Gopalsamy is perfectly valid. Therefore, he is perfectly justified in speaking.

श्री मीर्जा इर्शाद बेग : उपसभाध्यक्ष जी जिस बात को इरिलेवेंट करार दिया जाता है उस बात को बार-बार सदन में उठाने की किसी माननीय सदस्य को इजाजत नहीं है.... (व्यवधान)

श्री बी० सत्यनारायण रेड्डी (आन्ध्र प्रदेश) : बार बार नयी बात होती है... (व्यवधान)

श्री मीर्जा इर्शादबेग : मैं चेयर से कह रहा हूं आप सुन लीजिये। ख्याल तो आपको गुंटूर के लोगों ने बता दिया है। माननीय उपसभाध्यक्ष जी, मैंने गिनती की है कि चेयर ने इरिलेवेंट पोरशन को यहां पर उपस्थित न करने के लिये चार बार मना किया है और चार बार आपके मना करने के बावजूद भी यदि आनरेबुल मैम्बर इस बात को फिर से उठाना चाहते हैं। तो मैं फिर यह चाहूंगा कि चेयर इस पर कड़ी निगरानी रखे अपनी रूलिंग दे और उस पर कोई एक्शन ले।

SHRI V. GOPALSAMY: Mr. Vice-Chairman, Sir, I am concluding now. In the Statement, the Minister has mentioned about fifty per cent of the value of the contract over a period of ten years. I would like to know from the hon. Minister what exactly the period is. Is it 11 years, 15 years or 20 years? How many years? As a citizen of this country and a tax-payer, because you referred to the counter-trade arrangement, I would like to know whether there is any provision. *(Interruptions)*

श्री मीर्जा इर्शादबेग : मान्यवर अंग्रेजी वालों को इनकी... (व्यवधान) पर शर्म आती है।... (व्यवधान)

THE VICE-CHAIRMAN (SHR* JAGESH DESAI): You are not the Minister. The Minister is there to reply.

SHRI V. GOPALSAMY: Mr. Vice-Chairman, therefore, I would like to know from the hon. Minister whether there is provision in this counter-trade agreement, as there was provision in the earlier con-tract, for payment of commission. If any such provision fo$_r$ payment of commission exists in this counter-trade agreement also, this counter-trade agreement is going to be a counter-feit trade agreement, counter-kickback trade agreement.

THE VICE-CHAIRMAN (SHRI JAGESH DESAl): Let us put the record very straight. There was no contract for commission in the earlier order. I think it has been made clear by the Government of India on so many occasions.

SHRI ATAL BIHARI VAJPAYEE (Madhya Pradesh): Have you seen the contract?

THE VICE-CHAIRMAN (SHRl JAGES DESAI): I mean the Government bas made it clear. *(Interruptions)*

SHRl P. R. DAS MUNSHI: Sir, before you ask other hon. Members to sepak, 1 would like to make only one clarification so lhat there may not be any confusion. I followed the last part of the speech of the hon. Member, Shri Nirmal Chatterjee, where he has stated that in my initial statement I have described the whole thing as a commercial deal. I would like to make it abundantly clear to the House, I did not refer to the quality of the gun, the purchase of the gun or the gun 'leal itself because it is under the consideration of the Joint Parliamentary Committee. So far a$_s$ the counter-trade part is concerned,

[Shri P. R. Das Munshi]

it is our endeavour to sec that we bargain our maximum through our STC. 1 make clear that part. I have never said that the Bofors gun deal itself is a commercial deal.

SHRl V. GOPALSAMY: *

THE VICE-CHAIRMAN (SHRt JAGESH DESAl): I will not allow that to be recorded. Unnecessarily why are you interferring now 'after speaking?

SHRI M. S. GURUPADASWAMY: Mr. Vice-Chirman, Sir, let us understand that this is a composite deal because there is trade and there is counter-trade. Countertrade is emanating out of trade. Secondly, it is a defence-cum-commercial deal. Both commerce and defence are combined. Sir, I would like ihe Minister to lay on the Table of the House both the documents. Document No. 1, the agreement we entered into, the Government entered into with Bofors in respect of guns. Document No.2 the memorandum of understanding entered into between the STC and Bofors. I would also like to know from the Minister whether at any time in the past a defence deal was combined with a commercial deal. Secondly, wag any deal of this nature involving both defence and commercial hatched to ten years? Thirdly, dia Bofors being mainly and exclusively a manufacturer of arms, ever trade with civilian goods? Fourthly, was Bofors at any time in Sweden in the past, before this deal was concluded between the Government of India and Bofors, ever supported by the Goverment of Sweden? Lastly, why was there a link between defence purchases from Bofors and purchases of civilian goods by Bofors from india? My point is different. I want to know from the Minister whether one deal subsists the other and is subsisting the other. If that is so, why wa$_s$ the House kept in the dark by the Government of Indlia in regard to the trade deal with Bofors? Only on 6th November 1987 in the other House information wa* given by the Minister in regpeel

*Not recorded.

of counter-trade. Till then we, the Members, were not aware that there was a counter-trade. There was a long debate, a controversial debate, both in the House and outside regarding the Bofors deal. Even at the worst controversial moment Ihe Government did not tell us that there was a counter-trade emanating out of this trade. Why? It makes us suspicious. Let me be very frank. It makes the whoie deal dubious. My friends asked us; "Why are you bringing in Bofors defence deal with a counter-trade?" We bring it. It is in our mind. The whole thing has become dubious, suspicious. Government is suspect. That is why this comes off and on. We are not to be blamed. It is the Government which is to be blamed. Why have we asked the other questions which are not so relevant? May I ask the Minister whether this counter-trade deal has anything to do with consideration which was agreed to for effecting the main deal. It is sinster. The whole thing is sinster. My fear is my anxiety is, this Government is putting a halter around its own neck. Bofors is becoming a halter around its neck. It may become a Waterloo of this Government. Therefore, I say, you clear yourself even on this trade link with Bofors Tell me if at any time in the past India had entered into such a deal, a composite deal, with any company, with any Government. Why was this done then? What was the compulsion? What was the imperative consideration behind it? I would like to know. It is all right, counter-trade looks very, very beautiful. It is all right, we export goods. What is the background of all these things? My friend raised the issue of commission for th$_e$ cunter-trade deal. Have yoti stated categorically till now that there is no commission 'at all involved in this counter-trade?

PROF. C. LAKSHMANNA: No, No. Commission is there, and he said it.

SHRI M. S. GURUPADASWAMY: Did he say that? I missed it. Then I stand corrected.

PROF. C. LAKSHMANNA: Not only that. He said that it is very normal.

SHRI M. S. GURUPADASWAMY: Therefore, the deal is more dubious, more sinister, and there is the commission element somewhere in this deal. There is a commission element somewhere in the deal. .. *{Interruptions).* .Don't laugh. You have got to indulge in impotent laughter, I know. But do not laugh unnecessarily.

Now, may I ask you to clarify all these points which are very vital to clear the air?

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Matto.

SHRI V. GOPALSAMY: The Bofors expert!

SHRI GHULAM RASOOL MATTO: Mr. Vice-Chairm'an, Sir,...

SHRI V. GOPALSAMY: Sir, I am on a point of order... *(Interruptions),*. . Sir, I am on a point of order. My friend, Mr. *i* Matto, is a Member of the Committee on Bofors.

THE VICE-CHAIRMAN (SHRI JAGESH DESAl): That has nothing to do with this.

' SHRI GHULAM RASOOL MATTO: Yes, because this is only about the counter-trade. I will confine cyself to this deal only.

SHRI V, GOPALSAMY: But he is a Member of that Committee.

. THE VICE-CHAIRMAN (SHRl JAGESH DESAI). I will see. I am here to see. Do not worry. It is only about the counter-trade and there is no other subject. Yes, Mr. Matto.

i SHRI GHULAM RASOOL MATTO: Mr. Vice-Chairman, Sir, as I said earlier, I will confine myself only to STC deal. Sir, from time immemorial, economists of the world have said that economically the best country is one which has a favourable balance of trade; has a favourable b'alance of payments position. Sir, I was readings book the other day in which it was written that with the Arab countries our country used to have barter trade. My point is that it has always been a principle of economics that a country is strong only when the b'alance of payments Posi-tion is all right. From the security point of view and the Defence point of view, we needed 154 mm guns and for that we had to make purchases.

SHRI V. GOPALSAMY: Sir, why js he speaking about the guns?

SHRI GHULAM RASOOL MATTO: I am only saying that and nothing more.

SHRI V. GOPALSAMY: That is why I was objecting to it.

SHRI PARVATHANENI UPENDRA: Sir, on a point of order. . . *(Interruptions)*.. Sir, I am on a P^{oint} °f order. Mr. Matto is a Member of the Joint Parliamentary Committee on Bofors,

SHRI GHULAM RASOOL MATTO: Yes.

SHRI PARVATHANENI UPENDRA: He is in the possession of so many documents, *some* of them secret and *some* of them not secret. So, inadvertently, Sir, he may spell out so many things and, therefore, he should not be allowed to speak at all.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Matto, you only ask questions about the counter-trade.

SHRI GHULAM RASOOL MATTO: Yes, Sir.

SHRI PARVATHANENI UPENDRA: No, Sir. He should not be allowed to participate.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I am dere; I will see.

SHRI PARVATHANENI UPENDRA: You do not know and I do not know. You do not know what he is telling and I also do not know what he is telling.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): It may be in the record.

SHRl PARVATHANENI UPENDRA: It may be in the record. But we do not know what he is telling… *(Interruptions)*.. .

SHRL M. S. GURUPADASWAMY: Sir, it is a matter of propriety. So, Sir,,.. *(Interruptions)*. . .

THE. VICE-CHAIRMAN (SHRI JAGESH DESAI): Let me hear first Mr. Gurupadaswamy.

SHRl M. S. GURUPADASWAMY: Sir, I do not want to deprive him of his right to speak here at all. But my point is that he is a Member of the Joint Parliamentary Committee on Bofors.

SHRI GHULAM RASOOL MATTO: Yes.

SHRI PARVATHANENI UPENDRA: He should not be allowed... *(Interruptions)* ... We will pay you in the same coin... (*Interruptions).*

SHRl M. S. GURUPADASWAMY: As he said, Sir, it is a composite deal and Defence 'and commerce are linked here and, therefore, it is not proper for him to speak. But I will leave it to his good sense. But it is not proper for him to speak on this matter at all.

SHRI PARVATHANENI UPENDRA: Yes.

SHRI MURASOLI MARAN; Sir, lam on a point of order... *(Interruptions)* ...

SHRI V. NARAYANASAMY: Sir, I am on a point of order... *(Interruptions*).,. I am on a point of order, Sir. . . *(Interruptions)* .

SHRI MURASOLI MARAN: Sir, I have a submission to make.. .*(Interruptions)* .

THE VICE-CHAIRMAN (SHRI JAGESH DESAl): To take this advice or not to take it is left to Mr. Matto. It is up to you I cannot stop a Member from . . . *(Interruptions)*

SHRI MURASOLI MARAN: He is a member of the Joint Committee which bas examined many people, including the Bofors people. They might have given them sonic details, lt is better if he does not touch this subject. *(Interruptions)*

SHRl V. NARAYANASAMY: On a point of order. He has said Mr. Matto cannot participate in the proceedings. *(Interruptions)* Okay, he was advising him. Kindly hear me first. This commerce deal is inter-linked. He is a member of the committee on defence deal. The defence deal is being investigated by tbe committee. I represent to the House that this deal also cannot be discussed by this House because both are inter-linked. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): This half-an-hour discussion has been granted by the Chairman. So the question does not arise. As far as the advice is concerned, it is for Mr. Matto to take it or not.

SHRI V. GOPALSAMY: My friend Mr. Matto should not forget what Ihe great leader. Mr. Sheikh Abdullah said: there is no place for gratitude in the camp of Congress(I).

SHRI GHULAM RASOOL MATTO: The point is that to earn foreign exchange we have to sell something. It is in the interest of the country. I ,want to ask only two or three questions. I would request the hon. Minister to tell me what were the actual exports to Sweden during the last three consecutive years; this is No. 1. What was the average increase every year; this is No. 2. No. 3, will this countertrade be in addition to the exports we are making and the natural growth per year?

This may kindly be explained to the House. My point is that the normal trade and tht normal increase in that trade should not be affected by this counter trade agreement. This assurance may be given by the Minister to the house.

THE VICE-CHAIRMAN (SHRI JAGESH DESAl): Shri S. P. Malaviya.

श्री सत्य प्रकाश मालवीय : (उत्तर प्रदेश) : माननीय उपसभाध्यक्ष जी जो प्रश्न संख्या 342 थी उसमें दो चीजों का जिक्र था । एक 24 मार्च 1986 के कांट्रेक्ट का और दूसरा मैमोरेंडम जिस पर 30 मार्च 1987 को हस्ताक्षर किये गये—स्टेट ट्रेड कारपोरेशन आफ

इण्डिया और मेसर्स बोफोर्स के बीच । तो कान्ट्रेक्ट साइन हुआ 24 मार्च 1986 को

It was signed by M/s A. B. Bofors and the President of India represented by a Secretary to the Government of India. In it there is no mention of commission.

और उसके बाद इस मामले में कमीशन की बात उठी। तो इस मामले में 24 मार्च, 1986 का जो कांट्रेक्ट था। उसका भी वायलेशन हुआ है । उसमें कमीशन की बात का कोई जिक्र नहीं है । तो गवर्नमेंट आफ इण्डिया ने स्वीडन गवर्नमेंट के पास इस मामले को भेजा और स्वीडिश आडिट ब्यूरो की जो रिपोर्ट है । ....

उपसभाध्यक्ष (श्री जगेश देसाई) आप काउण्टर ट्रेड के बारे में कहिये।

श्री सत्य प्रकाश मालवीय : मैं वही कह रहा हूं । उसमें लिखा है कि कमीशन की चर्चा उसमें नहीं है । जब कमीशन की बात उठी तो इस मामले को स्वीडिश गवर्नमेंट को रिपोर्ट के लिये भेजा गया और उसने इस को आडिट ब्यूरो को रिपोर्ट करने के लिये भेज दिया। उसने जो रिपोर्ट दी है वह इस प्रकार है :—

"The counter-contract arises out of the contract dated 30th March, 1986. The National Audit Bureau's report in. dicates that an agreement exists between A. B. Bofors and., .concerning the settlement of commission subsequently to the FH 77 deal and that considerable amounts have been paid subsequently to, among others, A.B. Bofors's previous agents in India."

उपसभाध्यक्ष (श्री जगेश देसाई) : यह दूसरी बात है । इसके साथ इसका कोई ताल्लुक नहीं है ।

श्री सत्य प्रकाश मालवीय : मेरा निवेदन यह है कि जो मैमोरेंडम आफ अंडरस्टैण्डिंग साइन हुआ 1986 में क्या उसका वायलेशन नहीं हुआ है ? और इस लिये मैं चाहूंगा कि जैसे दूसरे माननीय सदस्य अनुरोध कर चुके हैं जो मैमोरेंडम आफ अंडरस्टेंडिंग और जो कांट्रेक्ट है उन दोनों की कापी इस सदन के पटल पर रखी जाये।

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): This is another pait Shri Upendra.

SHRI PARVATHANENI UPENDRA: Mr. Vice-Chairman, Sir, I wil! not touch anything controversial, much less the work being done by the Parliamentary Com mittee which is labouring very hard in cluding acclimatising itself with the per formance of the gun. I would only ad vise them to be 30 'kilometres away. We do not know whether the gur. fires back wards or forwards. Therefore, I do not v/ant to go into their realm. I fully agree with P. R. Das Munshi feat the STC is not to be blamed for this deal and we know under what pressure the officials are working and why the Chairman of the STC became ill and then resigned. I also don't believe that the admitted 200 crores of rupees kickback has percolated down to the poor officials or the poorer Minis ters of State. I do not want to blame them for this. As he said, people should De happy when our exports go up. Then why this furore? It is because cf tha notoriety of this company with whom such a Memorandum of Understanding h is been sifined. It has acquired wotld-wide notoriety. That is wiiv there are a!! these apprehensions. Whatever they it has never been believed by anybody. I only quote one sentence about this company. "Bofors has misled us so many times that we can no longer believe them without their proving what they are saying." These are the words of our Indian Ambassador in Sweden, Mr Bhupat Rai Ojha. This is the notoriety of this company, lt is a company which has the temerity to go to ihe extent of giving a certificate of innocence to the Prime Minister of this country and a company which has ihe temerity, when confronted by a Parliamentary Committee, to say "We will not give any information to you", even though the same information was given

[Shri Parvathaneni Upendra]

to the officials or to a Joint Secretary at the official level. That is how they behave towards a Parliamentary Committee and its Parliament. I am very sorry that the prestige and the honour of this country has been compromised in this process.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Please come to the point now.

SHRI PARVATHANENI UPENDRA: Tne Minister said that the whole deal has been finalised at international prices. But I have come across very reliable reports to the effect that at least 33-1/3 per cent concession has been given in prices. Although Rs. 800/- crores are supposed to be the amount involved, virtually R;. 1200 crores worth of goods will be exported and Rs. 400 crores will go to somebody's pocket. I would like tO know whether the Minister has come across such a report and whether the prices have been settled. The second point is that so far we do not know—on that day also we pointedly asked—what exactly is the amount involved in this deal because the original deal, they say, is of Rs. 1600 crores. But some people say that when we take the technological buy-up and other things, the accessories, etc., it will go to Rs. 3,000 crores. That means 50 per cent of Rs. 3000 crores is Rs. 1500 crores. Has the Commerce Ministry worked out the exact amount of the counter-trade, whither it is Rs. 1500 crores or Rs. 800 crores or what it is? That also they should tell us.

The third point is whether Ihe Bofors has been promised another contract of Rs. 2,000 crores while negotiating the original contract for some joint ventures, etc., i.e. co-production of certain systems. And another Rs. 2.000 crore contract was supposed to be finalised. If it is finalised whether 50 per cent of that, that is about Rs. 1,000 crores will also be involved in the counter-trade? Then about commodities, etc., I do not want to mention because some hon. Members hav; already mentioned about the armament company importing agricultural goods, ores, minerals and all that. I do not know what they will do with them. And also the relevant point which Mr. Vishwanath Pratap Singh has also raised is about the penal clause. Out of all this amount, only Rs. 14 crores of contracts have so lar been finalised. Only Rs. 4 crores have been effected. How many decades will it take for Bofors to import all these goods under this contract? And what is realiy the penal clause? They should read out what the penal clause is in the agreement.

Mt, Vice-Chairman, Sir, now I come to my final question. There are reports that the Bofors, true to its colours, rrue to its character, is trying to circumvent even this agreement which it has entered into with the STC. [raised this point when the question was put. It has addressed letters to all companies in Sweden who are already dealing with India to credit all their imports from India to the Bofors account and the Bofors will pay 4 per cent commission to them. Is it a fact o$_r$ not? Otherwise how chrome ore, shrimps, etc., which are already the traditional export items from India are also being included in this counter-trade? I want to know whether such involvement of other firms is envisaged in the original contract or not, because in Clause 31—it is my information; T do not know whether it is a fact or not and I want the Minister to deny or confirm it—of original agreement relating to the counter-purchase, there is a provision that the Bofors will involve other parties in Sweden to import goods from India. And I do not know the exact language. But something like this i$_s$ there that the seller also undertakes, with the co-operation and approval of the Government of Sweden to persuade other importers in Sweden by itself and through appropriate agencies to purchase other commodities from Tndia. The objective is that the total exports—that rneans, including their exports—under this clause from Tndia shall* not be less than 50 per cent of the value of this contract and purchases made under this agreement. T want the hon. Minister to deny or confirm whether Clause 31 states this. And if soft how can you say that if you come to know that the Bofors is doing something wrong, we will immediately take it up? Thank you, Sir.

श्री राम अवधेश सिंह : महोदय, मैं अपना सारा समय श्री वी०पी० सिंह को देता हूं ताकि वे सरकार पर अच्छी तरह से प्रहार कर सकें, धन्यवाद ।

SHRI VISHWANATH PRATAP SINGH: Sir, at least this counter-trade should be ensured. It should not be that he loses his time and I do not get it.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Any commission?

SHRI VISHWANATH PRATAP SINGH: No commission. At your level, no commission.

SHRI JASWANT SINGH (Rajasthan): Mr. Vice-Chairman, Sir, so far as I can see this question that we are debating, I told that there are three primary aspects of enquiring about this whole questionable business of counter-trade with Bofors. First there is the moral aspect. Then, there is, of course, that which is being extolled by the Treasury Benches, the commercial. And to my mand there is 'he third; the continuing controversy about corruption in this deal.

First, Sir, the moral and at this mainly I have the most serious objection. I think the Government does itself scant justice and of course it-insults the nation by extolling this shaddy trade with a corrupt arms manufacturer as being morally commendable, because in the process yet again the Government is trivialising not just the nation, but the nation's concerns. Sir, the country has already paid a very high price for acquiring just one medium artillery weapons system from Bofors, A.B. I am not talking in terms of costs, in money terms, of this weapons system. We have paid a very high moral price.

SHRI MADAN BHATIA: Sir, on a point of order. The hon. Member is going into the question of the deal regarding the Bofors guns. You have already given the ruling that that matter cannot be discussed and I raise strong objection to this and I raise this point of order and I want a ruling whether all this useless verbose rhetoric can be placed on the record of the House.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): So far he has not spoken anything. I think he wants to go into the cost of the Bofors guns. If he goes to that aspect, I will allow him.

AN HON. MEMBER: Sir, he is raising questions which are totally outside the scope of the issue before us.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Shri Jaswant Singh will not go outside the scope of discussion.

PROF. C. LAKSHMANNA: Sir, I want to know whether these two or three words used by the Hon. Member arc unparliamentary *(Interruptions).*

SHRI JASWANT SINGH: I do not mind. He is perfectly free to use whatever words he chooses to use. Of course, he is being offensive. Being offensive comes naturally to him. We have to make an effort to give offence.

Now, Sir, I was talking about the cost in money terms. India can put up with any kind of costs. From Taimur to Nadir Shah lo Warren Hastings to successive British rulers, we have done so. I can also give many other examples which the country is currently in turmoil about. I think if it was simply a question of money costs, India will be able to put up with such costs for centuries to come. These money costs do not bother us and it is when the Government reduces this whole thing in terms which are purely monetary that I take serious objection, because India cannot be equated to Rs. 4 crores, which is what the Hon. Minister for Commerce is attempting to do. There is a deeply moral question involved and I would be failing in my task if I did not refer to it. The price that we have already paid in the loss of moral fibre

[Shri Jaswant Singh]

nation, in the destruction of institutions, in the loss of credibility of this very Government...

SHRI V. NARAYANASAMY: Sir, is it relevant?

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I am hearing it. What he wants to say is this: As regards the moral, the loss is much more because it has been done with the Bofors.

SHRI LAL K. ADVANI; Indian Amb-assador's statement is there.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Let us hear him.

SHRI DIPEN GHOSH: They are being taught only to shout, and nothing else.

SHRI JASWANT SINGH: And we have also paid a price for this trade which is currently being extolled by the Government, in terms of a loss of some very eminent Indians, and I do not think that loss is replaceable. This is my first question. Is it the Government's suggestion that you are, in any manner, going to meet this cost which the nation has already paid, by exporting cashew nuts via Bofors? That is the question. Then there is a further question that arises, and we would be failing in our task if we no not address ourselves, in this Parliament about this deeply moral question. There is a moral question that arises in this entire trade, and I charge this Government of trivialising our concerns, of trivialising the nation's concern by having this counter-traae with Bofors as if it was automatically good like motherhood! This is a patent absurdity which will not wash, which they themselves are not convinced about.

Let me come next to the commercial side of it. In the commercial side, so lar as the counter-trade is concerned, this is but another name for the most ancient form of trade, which is barter. Mow, if therefore in the 20th century, we are reverting to baiter, 1 am, for one, unconvinced that the Government has by itself achieved any great height of commercial expertise. Barter is understandable between in dividuals, between companies, and Government to-Government barter is understandable. But I find it insulting, as an Indian, when my Government engages in barter with a corrupt weapons' manufacturer. And what are you bartering? You are bartering cashew; you want to barter tobacco. You are reducing the Government oi India to the level of some garment-exporter having its office somewhere in South Delhi, and you put it across to us that Rs. 14 crore is some kind of a great pinnacle of achievement that the Government of India has achieved in that, and, therefore, the entire weapon system is good because you arc going to sell Rs. 14 crore worth of tobacco. It is an absurd proposition ano it. is mind-boggling that the Government of India should be attempting to explain to us that all this is automatically good. Sir, I would have understood if the Government of India had come forward and said we are engaging in this counter-trade with the Government of Sweden. That is the honourable way to do it. That would have been the honourable! way to do it that we are engaging with ihe Government of Sweden because we have purchased a weapon system from them, therefore we will sell them what, we manufacture as weapons, even if it be the locally manufactured Bofors guns. That would have been a proper, honourable and dignified countertrade. This counter-trade is demeaning; it is belittling; it is an insult upon India. I would like to ask the Government if the acquisition of this weapon system was not dependent upon this barter arrangement with a company, then why have you sold the soul of India for it? When you signed this counter-trade agreement, you did it at a time of high controversy surrounding the entire acquisition of the weapons system. You did it when all of us were deeply involved, deeply concerned and deeply worried about what corruption had taken place in this entire deal. The fact that you

did it then is a classic, telling, example of the contempt in which the Government of India holds the people of India.

Sir, I have two further clarifications to ask about the commercial aspect of this counter-trade; barter. Firstly, about the transfer of contract obligations. You' tell us that Rs. four crores worth of exports have already been made out of the Rs. 14 crores signed for.

SHRI RAM AWADESH SINGH: Rs. 400 crores.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); Rs. 400 lakhs. *(Interruptions)*

SHRI JASWANT SINGH: My friend has a valid point. When it is Rs. 4 crores, Government, in their handouts, try to put it as Rs. 400 lakhs so that we would be deluded into thinking that! it is a very large volume.

Now, about transfer of contract obligations. 'Vou have signed about Rs-4 crores worth of contracts with Bofors. What is the guarantee that Bofors, in turn, would not transfer therm to Win Chadha in the United States and ask him to sell the tobacco in the U.S.A.? And what prevents Bofors from transferring them to other Swedish companies, a point which has been made by several hon. Members? Why should the Government of India permit transfer of contract obligations of amounts worth Rs. 4 crores or Rs 14 crores or whatever?, Why should not the STC sell directly? Wny via Bofors?

I have a further clarification to seek about the penal provisions. Vou say that Rs. 14 crores worth of contracts have been signed. If thes$_e$ contracts are not fulfilled in any fashion, in one form or another, if they fail to do it, money payments do not come or whatever, w'hat penal provisions cover them? How are you going to penalise Bofors AB by appointing a Parliamentary Committee to go into it? It is a purely commercial concern and the hon. Minister would do well to clarify this point. Then, Sir...

THE VICE-CHAIRMAN (SHRJ IAGESH DESAI): Last point.

SHRJ JASWANT SINGH: About agents...

SHRl SATYA PRAKASH MALAVIYA; last but one point.

SHRI JASWANT SINGH: I am mindful of the time. The hon. Minister of State for Commerce talked about agents and commissions. He said, commissions are a fact of life and that this is a commercial transaction. I recognise that this is a fact of life, that in transactions of this nature or any other nature, there is commission. Why do you not, therefore, regularise the whole question of agents, instead of pushing them under the carpet, because only by regularising them can you regulate them? I was informed by Shri Ram Niwas Mirdha the other day that t'ne penal provisions flow out of the main contract with Bofors AB. Now, if the penal provisions flow out of the main contract with Bofors AB, would you answer my following question$_s$ about the main contract?

Sii', firstly, there i$_s$ a continuing controversy about the gun syste$_m$ which we do not forget.

THE VICE-CHAIRMAN (SHRl IAGESH DESAI); I do not think you can refer to it.

SHRI JASWANT SINGH: I will tell you. We are informej that the penal provisions are not contained in this contract.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): That you can refer to..

SHRI JASWANT SINGH; The penal provisions are contained only in the main contract.

SHRI VISHVJIT PRITHVIJIT SINGH (Maharashtra): Sir, I am on a point of order.

SHRI V. GOPALSAMY; Here is a big gun.

SHRI VISHVJIT PRITHVIJIT SINGH; Sir, there is some technical problem. He referred to the discussions he had with Shri Ram Niwas Mirdha. 8.00 P.M.

SHRl LAL K. ADVANI: That is what he said in the House. *{Interruptions).*

SHRl JASWANT SINGH; That is exactly what I am saying. That is the controversy which is continuing about the weapons system, about the institution of the Joint Parliamentary Committee. Therefore. I would like to ac!vise the Government and ask them to clarify, *

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): No, no, I am not allowing. That will not go on record.

SHRI LAL K. ADVANI: You are more concerned about the prestige of the Joint Committee.

SHRl JASWANT SINGH: One final question. Sir. As part of the main contract between the contractee and the contractor *

SHRI MADAN BHATIA: Again I respectfully submit that this cannot be made Part of the debite.

THE VICE-CHAIRMAN (SHRl JA GESH DESAI); What ate you driving at? *(Interruptions).* No, no, howisit re levant?

PROF. C. LAKSHMANNA: There are two parts. One part is Mr. Mirdha's statement and the other i$_s$ the statement of Shri Das Munshi that there are commissions.

SHRl P. R. DAS MUNSHI.- I never said that there are commissions. I said that with reference to STC.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Commission to STC, he has made it very clear. I was hearing the Minister.

PROF. C. LAKSHMANNA: He made a general statement. All Bofors transactions have commissions, that is what he has said. *(Interruptions).*

*Not recorded.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): I am not allowing.

SHRI JASWANT SINGH: Let me rephrase it in accordance with the peace of mind of the Treasury Benches. The hon. Ministe- of State says that commissions in this contract relating to counter-trade are [a] fact of life. Penal provisions flow out from the main contract. Therefore, would the hon. Minister clarify, what and how many commissions are Paid so far as the counter-trade is concerned? Secondly, so far as the main contract is concerned, *

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): No, no. *(Interruptions)*-Professor Lakshmanna, I will not like the debate to go on like that. That will not go on record. Anything with the Joint Committee will not go on record.

SHRI VISHWANATH PRATAP SINGH: Sir, the whole problem has arisen because things have happened off the record.

SHRI P. R. DAS MUNSHI: It happened off the record when hon. Member. Shri V. P. Singh, was within the record.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Both will be recorded.

PROF. C. LAKSHMANNA: Everything is on record.

SHRI LAL K, ADVANI: Our sympathies are with Shri Das Munshi. He is not to blame.

SHRI JASWANT SINGH: I will conclude in just two sentenses,

SHRI V. NARAYANASAMY: Shri V. P. Singh was also a party to it

श्री सुरेन्द्र सिंह (हरियाणा): आप तो उस समय वजीर थे ।

SHRI V. P. SINGH: Yes, Sir, but in the file it had not been given in the brackets that sanction be made of 200 crores as kickrback. That was not in brackets on the file.

SHRI JASWANT SINGH: Sir, I want !o ask a pointer question: what commission had been paid in counter trade and**

I conclude with this. Sir, and this question is primarily within my right to ask.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); Only the first part will go on record. I cannot allow the second part as that is before the Joint Committee. Shri V. P. Singh.

SHRI H: HANUMANTHAPPA (Karnataka): On a point of order, Sir. When Mr. Matto wanted to speak, Mr. Gurupadaswamy and Mr. Upendra raised a point of objection that he is a member of the Committee, he is having certain records, secret or non-secret, he might spill out some information, so prop:iety demands that he should not partake in the discussion. On the same...

SHRI V. GOPALSAMY: Why do you tremble before you hear him?

SHRI H. HANUMANTHAPPA: If I use the same wards, it is not tolerated. I am using the same words. When these things happened, Mr. V. P. Singh was a member of the Cabinet.

SEVERAL HON. MEMBERS: So what?

SHRI H. HANUMANTHAPPA: Sir, it should be between you and me. I should not be interrupted like this. My point is, equally the objection raised by my learned friends on that side against Mr. Matto speaking, I raise the same in ihe case of Mr. V. P. Singh. He was also a member of the Cabinet ana he was a party as a part of Government to all these dealings. He may be having certain information with him. So he should not be in a position to ask clarifications. On the other hand, being a party to the contract and dealings, he should be in a position to explain the clarifications asked rather than seeking clarifications.

SHRI V. GOPALSAMY: Then let him explain.

*Not recorded.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): As regards Shri V. P. Singh, now he is an hon'ble Member of this House and he has the right to ask questions. As regards the scope of the questions, he is a very learned and experienced person; so he knows the subject matter of the discussion and will accordingly put the questions.

SHRI V. GOPALSAMY: He belongs t_3 honest man's party.

SHRI VISHWANATH PRATAP SINGH: Sir, I will abide by what you have said. I will not fire my question beyond the rangs. I will not use extended range question, beyond the range of the present aiscussion. Therefore you might find it very mild.

Going through what I have been able to learn from the statement $_0$f the Minister of State—and I am sure he is very innocent—this Memorandum! of Unaerstanding, for all purposes, is just a fraud on the country. What is being touted out as something very great, if you go into it, has no content. One thing I would want to ask is. is there any clause to prohibit Bofors fromi paying commission to any one other than the STC—because the honourable Minister said that there is provision to pay commission to STC?. Various public sector organizations, for the promotion of trade, are permitted payment of a certain percentage of commission, up to five per cent or whatever it is. Will the Minister ensure that the STC, in this deal, will not be availing of these general provisions which is the entitlement of every public sector organization? Normally, it should not.

SHRI P. R. DAS MUNSHI: Will you please repeat the second question?

SHRI VISHWANATH PRATAP SINGH: This is peripheral. But, still, if it goes on record that public sector agencies are generally permitted payment of a certain amount of commission for promotion of trade, I hope that general clause is not made available here also because it is against the counter-trade of what we are purchasing.

[Shri Vishwanath Pratap singh]

Then, about the price. What the honourable Minister said is, it is at International prices. Today, in the era of fluctuating foreign exchange rates, price is meaningless to quote without the exchange rates and in what currency it has been decided and how it will be calculated over ten years. If it is in dollars, the same dollar, within one day, if there is a variation of half, the value drops. Then we will have to export double. So, these are various aspects. Does the Memorandum of Understanding address itself to this at all?

Then, Bofors has undertaken to purchase jute, tobacco, cashew and shrimps. Certainly these are things which Bofors does not directly use. I am not casting any aspersions. If it does buy, certainly, normally it will again have to sell. I don't expect that the shells it will provide it will load them with tobacco or shrimps for firing. Certainly it will have to sell again. Now, it will sell in the international market. There nas to be a commercial margin for this. We could ourselves have sold it in the international market and mopped up this margin which Bofors would make, alternatively. If we are not doing this, then the point arises that we are forgoing this and, if not and if Bofors is selling at a loss, then it has made up this loss in its other sale. Otherwise, commercially it does not balance out, it does not make any sense. So, have these aspects been gone into? Just saying that we will sell at international prices will not do because it is not profitable at all for us to sell it at international prices because it would mean a serious loss to us. Also, is it in the provisions that then Bofors compels us to sell at international prices while it will mean heavy losses to us? I would also want to know the snags that this M.O.U. otherwise has. The honourar ble Minister has mentioned tea and jute in a year when we are short of tea and jute.. .. *(Interruptions)* .... These are agricultural commodities. We know the cycle. In a year we get good crop, the next year it will be bad. W»at will we do in that year? If these are the snags which lead to dead alleys on price, on availability, on all things, then, how do we enforce it? Any contract depends on mutual retaliation for its enforcement—if you do not do tris, I can do this, and if I do not d.o this, you can do this- Where is this mutual retaliation built into this memorandum of understanding? This is for ten years period. We cannot hold back our defence requirement, In ten years we would have bought the guns, wo would have bought the technology, we would have bought the spares and the shells etc., whatever it is. And by that time if we are unable, to sell, what has been told to us is that the Government would ensure, the Bofors would ensure. But wherever in law there is any penalty, it is quantised. It is this what is enforceable in the court. There is no quantisation of penalty. If there is no quantisation of any penalty clauses, it is non-enforceable. That is why I say, it is a fraud, and whatever is projected is totally non-enforceable. There is no way in which we can really press for it. In my understanding in a counter-trade there are two leverages that are applied. One is, if a party which has entered into a counter-trade, fails to buy what we have proposed in the counter-trade, we stop buying from that party or we hold back payments. There are only two levers that would apply. Both are missing in this. That is why it is a grand fraud on the country. Will the Minister say what leverage, what tooth has been given in these aspects of it? I would suggest that you should ask the Government to get the Attorney-General's opinion. First the MOU should be before the House. We should see it. It is not a secret document. The Attorney-General's opinion should be sought on how it can be enforceable and if at all it is being ensured.

SHRI PARVATHANENI UPENDRA: One clarification, Sir.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): No.

SHRI PARVATHANENI UPENDRA: Because he •mentioned that, I want to

know this. Before any memorandum or agreement is signed, it is normally vetted by the Law Ministry. Have they done it?

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): He will ask that, if you want.

SHRI VISHWANATH PRATAP SINGH: This is very relevant, what Mr. Upendra has said, whether the normal procedure of vetting has been followed.

The other thing is, in short, if we go by what the hon. Minister of State has said, to ensure the quantum of the counter-trade, if all these conditions were not there, will the Government take penal action under the main contract for Bofors inability to supply the extended range shells which is 80 per cent requirement of the shells?

DR. RATNAKAR PENDEY:*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Please sit down.

SHRI PARVATHANENI UPENDRA: How is he allowed? He should not be allowea.

SHRI V. GOPALSAMY: He cannot speak like that.

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): Dr. Pandey will not go on record.

SHRI DIPEN GHOSH: It cannot go on record. It should not go on record.

SHRI VISHWANATH PRATAP SINGH;*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Both will not go on record.

SHRI MADAN BHATIA: One point, Sir.

THE VICE-CHAIRMAN (SHRt JAGESH DESAI): On what?

*Not recorded.

SHRI MADAN BHATIA: On the statement which has been made by the hon. Member, I just want to ask one question.

THE VICECHAIRMAN (SHRI JAGESH DESAI): To whom?

SHRI V. GOPALSAMY: It cannot be allowed. *(Interruptions)*

SHRI PARVATHANENI UPENDRA: It cannot be allowed. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI)': You cannot. My difficulty here is that only those whose names are in the list, only they are to be allowed.

SHRI ARUN SINGH: Although I know that you have given your ruling on the subject, I think the point that Mr. Hanumanthappa has raised is a very valid one.

AN HON. MEMBER: It applies to you also. Why do you bother about that.

SHRI ARUN SINGH: It is very valid because it impinges on what *n* called basic propriety on the one hand....

THE VICECHAIRMAN (SHRI JAGESH DESAI): That is for him to decide.

SHRI ARUN SINGH: And more important than that is, there are questions raised by the Official Secrets Act. Not being knowledgeable about this problem, like my former boss, Mr. Vishwanath Pratap Singh, I will also take the risk on the floor of the House of teetering close to the provisions of mat Act, I trust the House win forgive me.

SHRI SATYA PRAKASH MALAVIYA: I hope the House will protect him to do so.

SHRI ARUN SINGH: The second point that I would like to make is that we just had the benefit of a very learned dissertation, from an individual who is uniquely placed, having

[Shri Arun Singh]

been the Union Commerce Minister, the Union Finance Minister and the Union Defence Minister in the Coggress(I), a party which he continues to represent in this House. Therefore, he no doubl speaks with great knowledge. My first question addressed to the Ministei' of Commerce is, when this whole pro cess was undertaken on the principle of the agreement, which, as Mirdha Ji pointed out the other day in the House, contained a clause of counter-trade, who was the Finance Minister oi the Government of India and was the file submitted to the Finance Minister of the Government of lndia as per nor mal procedures for his signatures? *(interruptions)* I never interrupted you, Vishwanath Ji. So, please don t interrupt.

SHRl VISHWANATH PRATAP SINGH: Sir, I will have a right to answer. *(Interruptions).*

SHRI PARVATHANENl UPENDRA: What did you say? Did you allow that?.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): It is not on the re cord. It has not been allowed. Go ahead Mr. Arun Singh.

SHRI ARUN SINGH: I have the feeling and courage to say, though I aid not express my agreement to the same extent as to what Jaswant Singh Ji said, that counter trade is, in fact, a throw-back concept. It is not a progiessive concept because countertrade is the last fall-back position of those unfortunate countries who are not able to export in the normal course. It is a barter agreement using the principal trade as the lever. I would like the hon. Minister of Commerce to confirm if I am right in assuming that the 155 m,m. Bofors gun agreement is not conditional on counter-trade?

SHRI DIPEN GHOSH: Read the reply of Mr. Mirdha.

SHRI ARUN SINGH: Am I right in assuming lhat the gun is required as a gun and the counter trade aspects of that agreement are secondary in nature t o the principal agreement?

The third question I would like 1o ask the Minister of Commerce concerns the matter which has been raised by everybody in the Opposition benches—the question of agents and commission. I find this a very interesting subject that has been raised be-cause for a very good political reason—why dispute ihe political reason—it has become a fashion, shall we say, m Parliament for everybody to pretend that certain things- are hap pening and certain things are not happening as it suits them politically. So, I would like the hon. Minister oi Commerce to confirm whetrer it is a fact that commission agents exist in transactions with free foreign exchange coun tries and with rupee-rouble countries oi the Eastern bloc. Are there commission agents in STC arrangements with all countries including rupee-rouble? Am 1 also right in assuming, Sh", that the Stat; Trading Corporation per se isa corm mission agent.? Bee\use they can trade in one or two or three ways. As far as I know, there are three possibilities. One is they could buy and sell, in which case they have to make some outlay, the required capital to make original purchase before they obtain revenue from the sale. The second possibility is that STC would operate on consignment sale. Sellers would deposit goods with STC. STC would sell them and pay tne seller when they receive the money. The third alternative is that STO operates as an agent. It is a trading agent corpoiation. Am 1 right in assuming that not only in this country but in relation to the trade all over the world a trading house operates virtually as a commission agent? If that is so, is there any distinction between what they are doing in this particular transaction and what they do in ether transactions?

There is one point which I personally feel is somewhat questionable, lt is a very complex question also. I hope the Minister of Commerce will be able to give an answer .The question of dealing, in terms of exports, witn an otherw

differently enaged corporation has come up. Bofors is an arms manufacturer. There is a counter trade agreement with Bofors through which they are theoretically going to sell non-traditional items, for example, garments or spices and so on. Now, there, can be no doubt that Bofors cannot do this. They are arms manufacturers, lt is their business to manufacture arms and sell. Th;re is no way that they can convert this into Rs. SUO crores trading house for the benefit of Indian exports. So presumably and logically speaking, I see no reason why anybody should raise objection to this. Presumably they would in turn pass this requirement on to other people who will actually do the exports. 1 presume that is logically so. lt is not their business, unless they are now proposing to convert themselves into shrimp export or import and export business. I see no way in which they can be doing shrimp export, business. What safeguards have been built into the agreement or by the discussion between the corporations to ensure that in this process where Bofors themselves become like a STC there is no undercutting? They will become a trading organisation on the one side and STC is a trading organisation on the other side. What safeguards have been built in to ensure that that tracing organisation, the Swedish trading organisation will not undercut tbe areas to which we export traditional or non-traditional items whether it is shrimp or spices or tea. Because looked at purely commercially if Bofors suddenly find themselves with Rs. 200 crores worth of tea in relation to the agreement which they signed with us, if I were Bofors I would dump that tea at Rs, 150 crores. I have to dump that tea. If I dump that tea, there is a distinct problem in the tea that India is going to export. So I need some clear clarification on that.

In so far as the question raised by my hon. senior colleague, .Shri Vishwanath Pratap Singh about ten year tenure is concerned, I would submit, Sir, it would be exceedingly unfair for anybody to ask any Minister, not this House, anybody to ask to make a commitment on any such concept. . •

SHRI VISHWANATH PRATAP SINGH: I totally agree with you.

SHRI ARUN SINGH: That is impossible to answer. *(Interruption)* Nobody can guarantee exchange rates for ten years; nobody can guarautec international pricing for ten years; *nobody* can guarantee even basic interaction in terms of trade for ten years. *(Interruptions).* No, no, that is your interpretation. That is a different question. But as a concept, I think that is a non-question. I would like to place that on record. *(Interruption)* Sir, I would like to know from the hon, Minister of Commerce whether thee is any mechanism.... *(Interruption).* ...

SHRI VISHWANATH PRATAP SINGH; Sir, I would like to inform the House that the MOU was signed on 13th March, 1987 and the Finance Minister then was Shri Rajiv Gandhi. *(Interruption).*

SHRI ARUN SINGH: Please check the record. I asked, who was the Finance Minister when the contract was signed because I drew my conclusion on this principle that the concept of counter trade stemmed from the original contract which v/as signed in March, 1986.

SHRI VISHWANATH PRATAP SlNGH: It is the contents of it and how it has been done, that was signed on 13rh March, 1987 when Shri Rajiv Gandhi was the Finance Minister. The MOU, the details and contents of it, that is relevant, not the idea, It is the contents of it and how it has been done. *(Interruption).*

SHRI MURASOLI MARAN: Now we can see the correct perspective.

SHRI V. GOPALSAMY: Then only it was handed over to Mr. Tiwari.

SHRI ARUN SINGH; Sir, basically one of the problems as always happens is that whenever Bofors comes up, both sides keep making mention of this. Actually nobody is really interested in this problem. Nobody wants *to* Know as to what happened. It is a question of who can make maximum political capital out of it. lt is a very sad state of affairs. *(Interruptions).*

SHRI PARVATHANENI UPENDRA: Then why did you resign7

SHRI ARUN SLNGH: We have been all through rais tw© months ago. The factual position stil! stands. I think we could profitably address ourselves to a fundamental question aud that fundamental question has been posed by some Members on that side including Sh. Jaswant Singh but if I may say so, with a political bias which to my thinking negated the fundamental question. The fundamental question I would like to pose is addressed to the hon. Minister of Commerce. In a situation like this or any situation where there is a principle purchase to be made, it can be anything, it would be weapons, it could be a power plant, it could be a nuclear power station, it could be anything and irrespective of the source, whether it is Eastern Bloc countries Or Western Bloc countries, free foreign currencies or rouble, in concept, can the hon. Minister of Commerce explain the advantages that accrue from th: concept of counter Uaoe where that agreement is being signed between a Government and a corporation, and would the hon. Minister of Commerce also like to point out what disadvantages, if any, accrue in such a concept? Because the problem with counter trade is this. We have heard a lot about Bofors. I do not hold any brief for Bofors. But the factual position i_s that hon. Members may not be aware that these Bofors people have been around for the last fifty-sixty years. They may not be aware of it. For example, 70 to 80 per cent of the anti-aircraft guns today in India which were bought over ihe last 30 years are made by Bofors. So we can sling mud at Bofors as we like. *(Interruption).*

SHRI PARVATHANENI UPENDRA: That explains all the money lhat you are spending all these years.

SHRI ARUN SINGH: You see the problem is that there is a limit to understanding. I do not blame them *(Interruption).* It bas nothing to do with the Government I will give you a list of books. You read them. Can a Government deal with a corporation in a secondary contract? Let us take the extreme example. Supposing Bofors were to say, in five years from now, "We have a commitment to import from you for Rs. 800 crores— or 900 crores or 1000 crores or whatever it is. However, we cannot do it." That is in the year 1992. What wiil the Government of India do? Can the Government of India then turn round and say, "Take your guns back"? Because, if they do that, then what happens to India? The contract is for guns and not for couter-trade. This is not an export agreement. I am in full agreement with the hon. Minister of State for Commerce. Kudos are available for this concept because what is happening is, the balance of payments has at least been partially redressed. There has been a demand from the opposition benches for a penal clause. Can you imagine a penal clause? Suppose they say in 1994, "OK. We are sorry: We have to import for Rs. 700 croies. We have imported for Rs. 500 crores.", can you dump them in the sea? By that time, you are in the purchase of guns for eight years. This is a secondary contract, unless I am wrong. If this is not a secondary contract, would tbe Minister of Commerce kindly point that out? *{Interruptions).*

SHRI PARVATHANENI UPENDRA: Clause 31 of the original contract.

THE VICE CHAIRMAN (SHRI JAGESH DESAI): Mr. Bhatia. You will have five minutes.

SHRI MADAN BHATIA: I will take less time than that, Sir Mr. Vice-Chairman, ... *(Interruptions)*

SHRI DIPEN GHOSH: Mr. Vice-Chairman, Sir, you phase put tne record straignt. When he wanted to raise the question, you said the Minister is there to reply. You did not say that "Your turn will come; you will get the chanee' because by that time, :.till, he did not submit his name or his leader did not submit his name as a speaker.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I have received his name only afterwards when Mr. V. P. Singh was speaking. At that time, I had allowed him. *(Interruptions).*

श्री राम अवधेश सिंह : मैंने अपना समय इनको दिया था । (व्यवधान) इसी परम्परा को आगे भी निभाइयेगा (व्यवधान)

उपसभाध्यक्ष श्री जगेश देसाई : आपको बोलना है तो आप को इजाजत देता हूं ।

श्री राम अवधेश सिंह : मैंने आगे कहा आगे के लिये भी इसी परम्परा को निभाइयेगा ।

उपसभाध्यक्ष (श्री जगेश देसाई) : आप चाहें तो टाइम दे सकता हूं । कुलकर्णी का नाम था वह नहीं हैं ।

Mr. Kulkarni's name was there. He was not there. *(Interruptions)*

SHRI MADAN BHATIA: Mr. Vice-Chairman, Sir, my hon. friend Mr. Arun Singh has put a very pertinent questio:) to hon. Minister, namely whether this contract was also placed before the Ministry of Finance. I would like to go a step further and ask the hon. Minister a few very important Constitutional questions. Is it correct that this contract was entered into by the Government of India in the exercise of its executive functions under the Constitution of India in tte name of the President? If that is so, is it also cor-rect under the Constitution that for every executive function of the Government of India not only the individual Minister who signs a costract bet the entire Council of Ministers is collectively responsible? If this agreement, as has been put before this hon. House by hon. Vishwanath Pratap Singh, constituted a fraud upon the people of India, if Mr. Vishwanath Pratap Singh, as he then was,... *(Interruptions')* ...

SHRI VISHWANATH PRATAP SINGH: On 30 March 1987, I was not in the Government itse'f. *(Interruptions)*

SHRI MADAN BHATIA: Under the Constitution on the basis of the funda mental postulate of collective responsibi lity___

SHRI DIPEN GHOSH: He was not in the Government at that time.

SHRI MADAN BHATIA: ... was he also a party to the fraud on the people of which he is making the Government guilty? Let the Minister answer it.

SHRI V. GOPALSAMY: He has used very strong words. Because Mr. Vishwanath Pratap Singh did not agree to the fraud committed by the Government, he had to resign.

SHRI MADAN BHATIA: I am respectfully submitting....

SHRI DIPEN GHOSH: Mr. Vice-Chairman, it is a question of the time. In the main reply given on 1st December to my question '.he Minster of Commerce said, in the second paragraph—

> "In pursuance *oi* the above provision in the contract a memorandum of understanding was signed on March 30, 1987 between... "

At that time Mr. Vishwanath Pratap Singh was not in the Government. So that question does not arise at all.

SHRI MADAN BHATIA: lt is for the honourable Ministei to *tell* us whether this agreement which was signed in March 1987 had anything to do with the period when Mr. Vishwanath Pratap Singh was a Minister of the Government of India or not. If this is the question, I am respectfully submitting. . . *{Interruption)*

SHRI SATYA PRAKASH MALAVIYA: How is it relevant?

THE VICE-CHAIRMAN (SHRI IAGESH DESAI): Don't interrupt. He is very relevant and I allow him.

SHRI M. M. JACOB: Shri Vishwanath Pratap Singh resigned only on 12th April. He was a Minister till then.

SHRI PARVATHANENI UPENDRA: But he was not Finance Minister at that time.

SHRI M. M. JACOB: He wa* a Minister till 12th April.

SHRI VISHWANATH PRATAP SINGH: I left the Finance Ministry en 24th January 1987 itself.

SHRI PARVATHANENI UPENDRA: He was not the Finance Minister at that time.

SHRl V. GOPALSAMY: He was not the Finance Minister at that time.

SHRI MADAN BHATIA: I am respectfully submitting, the honourable Minister has to answer before this honourable House this constitution-il question whether each individual Minister is concerned with a particular executive action of the Government of India or not, whether he is collectively responsible under the Constitution of India or not, and if Mr. Vishwanath Pratap Singh was a Ministei at the time when this contract was signed, whether he is under the Constitution collectively responsible lor this agreement or not. If today he accuses the Government of India of having played a fraud on the people, is he a party to this fraud on the people or not? *{Interruption)*

PROF. C. LAKSHMANNA: I would like to put on record, the honourable. Member has been enough to say that the entire thing was a fraud. Sir, he has said that thing and it is on record. The question now is...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): No, no. What is on

That is all... *{Interruptions).*

SHRI DIPEN GHOSH: Sir, that is not his point ... *(Interruptions)* ... The point of that by saying that Shri Vishwanath Pratap Singh should also share that part of the thing, Mr. Bhatia admits that the whole Memorandum of Understanding was a fraud on the people. He admits that... *(Interruptions),..*

SHRI V. GOPALSAMY: He is asking whether Mr. V.P. Singh was a party to the fraud. So, he admits that it is a fraud ... *(Interruptions)...*

PROF. C. LAKSHMANNA: Sir, I am on a point of order... *(Interruptions).*

THE VICE-CHAIRMAN (SHRI JAGESH DESAl): It is already 8-45 now. I cannot allow.

PROF. C. LAKSHMANNA: Sir, I am on a point of order... *(Interruptions)...*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): No, I am not allowing you.

PROF. C. LAKSHMANNA: I am on a point of order and you have to allow me... *(Interruptions).. .*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); Point of order on what? .. .*(Interruptions).. .*You cannot raise a point of order on every issue. Yes, Mr. Bhatia, you continue.

SHRl MADAN BHATIA: Sir, the honourable Member has aksed another question, namely, whether this particular contract for counter-trade...

SHRI V. GOPALSAMY: Sir, the Minister should reply to the question put by Mr. Vishwanath Pratap Singh... *(Interruptions).*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): You see, I have allowed him to speak. If what he says is not within the scope of discussion, I will not allow him. If it is within the scope, I have to allow 'nim. I am hearing each and every word.

SHRI MADAN BHATIA: Sir, I am respectfully submitting one thing. I would like to ask the honourable Finance Minister, who is here now, one question. Because Mr. Vishwanath Pratap Singh is washing his hands completely of thi$_s$ contract on the assumption that he had ceased to be the Finance Minister and he had become the Defence Minister, I would like to ask one very icportant question of the hnnourable Finance Minister; Did or did not Mr. Vishwanath Pratap Singh as Defence Minister deal with some files Of the Finance Ministry? That is the question that I would like to ask of the honourable Finance Minister. Sir, this is a very important question, apart from the question of collective responsibility. My

question is whether as the Defence Minister he did or did not deal with some of the files of the Ministry of Finance.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); Nothing about the Defence Ministry will be allowed. Only about the Commerce Ministry you can ask. I have not allowed it in the case of others.

SHRI DIPEN GHOSH: Kindly allow him. Let all the Cabinet secrets come out. He is putting such questions... *(Interruptions).*. . lt is for our benefit, sir.- . *(Interruptions)* . . .

THE VICE-CHAIRMAN (SHRJ JAGESH DESAl): Mr. Bhatia, please come to the counter-trade deal.

PROF. C. LAKSHMANNA: Sir, he k asking about Mr. V. P. Singh as Defence Minister.. . *(Interruptions).*. .

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I have not allowed it.

SHRl MADAN BHATIA: Sir, I would like to seek elucidation from the honourable Minister on one thing; Irrespective of whether this counter-trade contract could be entered into or could not be entered into, was India in need of tbe guns or not and, if so was the contract which was signed... *(Interruptions).* ■.

SHRI PARVATHANENl UPENDRA. He is on the Committee and so, he cannot ask such questions... *(Interruptions).*

THE VICE-CHAIRMAN (SHRl JAGESH DESAl): You come to the coun-Minister. *tJnterruptions)* .....

SHRI MADAN BHATIA: Please allow me to put the question: The contract for the guns... *(Interruptions)*... The contract for the guns... *(Interruptions)*... The contract for the *guns...(Interruptions).* ... was signed... *(Interruptidis)*... The contract for the guns, to my mind—I would seek the clarification from the Minister—v/as signed because India was in need of the guns. Is it not?... *(Interruptions)* ...

SHRI GHULAM RASOOL MATTO. Sir, 1 was not allowed to mention anything about the guns and he also should not be allowed... *(Interruptions).*. . What is sauce for the goose is sause for the gander also.

SHRI V, GOPALSAMY: Certain people were in need of money and, therefore, the contract was signed... *(Interruptions)*... Certain people were in need of money and, therefore, the contract was signed. . . *(Interruptions)*...

THE VICE-CHAIRMAN (SHRl JAGESH DESAI): I am not allowing any thing which is not within the purview of the discussion.

SHRI MADAN BHATIA: I am going into the counter-trade contract. Sir, the counter-tarde agreement was entered into. Now, is it true that Mls. Bofors was under no obligation to sign this counter-trade agreement?And if it signed this agreement, is it or is it not true that this was a gain to India which managed to give a spurt to exports from India, irrespective of the fact whether India was to spend money on the guns or not?

SHRI NIRMAL CHATTERJEE: That is all right. Very good.

SHRl MADAN BHATIA: The hon. Member has made a statement Name *to* me any country or 'any particular contract in which there was such counter trade agreement. I would like to ask the hon. Minister whether it is true that if India needs a particular article and cannot do without that 'article, and India has to spend foreign exchange on the import of that article, if India is able to procure a counter trade agreement so as to offset the money which is to be spent on that essential article without which India cam-not do, is it a gain or is it not a gain to India? I am askng this question.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Bhatia, please con-clude.

SHRI MADAN BHATIA: I am finishing Sir. The last questio,, that I would like to ask, Sir, is this: When did the

[Shri Madan Bhatia]

negotiations for this particular agreement start? The agreement could not have been signed in a day's time. When did these negotiations start—during the tenure of Mr. Vishwanath Pfatap Singh or not? (*Interruptions)*

AN HON. MEMBER: The record has to be placed on the Table.

SHRI VISHWANATH PRATAP SINGH: Which Ministry initiated it—the Commerce Ministry or the Ministry of... *(Interruptions)*

DR. RATNAKAR PANDEY: *

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): This will not go on record. Mr. Das Munshi.

SHRI P. R. DAS MUNSHI: Sir, I would like to submit only a few points. A lot of questions have been asked by several hon. Members. Most of them will be dealt with by my senior colleague, honourable Tiwariji. I would like to touch upon only (wo or three questions and I will be very brief, specially in relation to hon. Member Shri Vishwanath Pratap Singh's queries. Sir, a lot of sarcastic comments have bee.i made in regard to the different aspects of this counter tfade agreement. Now, I would like to inform the hon. Members that as regards the counter trade practice in India we just started a year before; we are very new in this matter.

AN HON. MEMBER: After Bofors!

SHRI P. R. DAS MUNSHI: Let me start with a very revolutionary country: China. *(.Interruptions)* I will not go by your desire. I will have to refer to a few countries. *(Interruptions)*

THE VICE-CHAIRMAN (SHRt JAGESH DESAI): You cannot compel the Minister. *(Interruptions)*

SHRI P. R. DAS MUNSHI: Let me answer China offered 69 items of army tanks to Thailand in the counter-trade in exchange of agricultural products. . .

*Not recorded.

SHRI MURASOLI MARAN: To which country?

SHRI P. R. DAS MUNSHI: To Thai-land. ..

SHRI MURASOLI MARAN; We are not concerned with Thailand. Talk about India, about Bofors.

SHRI P. R. DAS MUNSHI: Germany purchased all military hardware...

SHRI DIPEN GHOSH: The question was not that. The question was...

SHRI P. R. DAS MUNSHI: I am intelligent enough to understand whichi are questions and which are queries. Let me formulate my reply...

SHRI NIRMAL CHATTERJEE: Which company of Thailand was involved in the deal with China?

SHRI P. R. DAS MUNSHI: For that let us write to the Chinese People's Communist Party and get the information.

Now 1 am mentioning the names of three countries here which exchanged arms shipment, arms sale, arms transactions, with commodities which are agricultural products. On the question of counter-trade I am deeply impressed by some 'arguments of a few honourable Members but I am sorry that I have to submit with respeet, I have listened to Shri Vishwanath Pratap Singhji a few minutes before talking of trade and morality, 1 consider him *to* be a young politician from whom to learn more about democratic polity and consti-tional responsibility, collective responsibility, of a Cabinet system .of Government. Any deal which involves a substantial amount of contract possibly cannot be cleared without being properly checked by the Cabinet and that too in the presence of the Finanee Minister and if in totality of the agreement fnere is a clause called counter-trade clause which is part of the en tire embodiment of the agreement with the Bofors, that Was perhaps—if my memory is correct—signed not in 1987 but in 1986 when, I think, Shri Vishwanath Pratapji was the Finance Minister...

SHRI VISHWANATH PRATAP SINGH; It is not the concep, it is the enforceability of the details of it.

SHRI P. R. DAS MUNSHI: When ihe entire thing was placed before the Cabinet including the clauses, enough wisdom could have been provided 'at that point of time by him being a responsible Finance Minister of the country, maintaining a balance of payments, which side this thing goes, which side that thing goes...

SHRI VISHWANATH PRATAP SINGH: Mr. Vice-Chairman, since he is referring to me, I have a right to answer the points.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Yes, you have.

SHRI P. R. DAS MUNSHI: But since at that hour you had failed, democratic polity demands to put a few questions at this time. These are only my submissions. The question is fraud committed on the nation...

SHRI VISHWANATH PRATAP SINGH: Mr. Vice-Chairman, here I should be allowed to say something. The point is one is a concept. But in a general concept when you draw up a document, the question is: What have you drawn up? Now, becuase you say a certain dish is like this, the question is: How have you cooked it? Are there enforceable clauses? That is the question.

SHRI P. R. DAS MUNSHI: The most pertinent and the most substantial part of it is the Bofor agreement in which there was a clause called provision for countertrade, out of that provision of countertrade, the follow-up action was as to who is to deal with the counter-trade. The matter was referred to the Ministry of Commerce...

SHRI ATAL BIHARI VAJPAYEE: *Why* not put that document on the Table? Reference has been made...

SHRl DIPEN GHOSH: If references are made to a document, it should be placed before Parliament; otherwise, "how can we understand the whole background?

SHRI P. R. DAS MUNSHI: He made a very serious charge that a grand fraud has been committed by the entire memorandum of understanding which comes from the original language of the clause that deals with the counter-trade. P.00 P.M, Now these questions are there. Question one is: What is the penalty clause? I *respectfully* submit to Vishwanath Pratapji—he led the Commerce Ministry, he knows, and with responsibility and confidence I say and if I am proved to be wrong, I will come to the House and apologise—in his tenure also, in 'all the Commerce Ministry matters of bilateral trade and counter-trade, the only penalty clause is the clause on 'the matter to be referred to arbitration, subject to the acceptance and choice of the parties. I inform the hon. Members of this House that the clause of arbitration refers to three arbitrators in matters of dispute, of not fulfulling the obligations—(a) one nominee of the sellers; (b) one nominee of the buyer; (c) one nominated representative should be someone who does not reepresent either of the country. In ■all these matters, that penalty provision was there. The point is whether the matter could have been referred to if some crisis comes That question I would like to answer. It was not a grand fraud. Now the question is: What type of goods we wil] send? Time and again it has been repeated tobacco and jute. I have not Said jute. The excise will be even to push jute. If we can push some jute. I think, hon. Member Dipen Ghosh will agree, the country will be benefited. But largely chemicals have gone, pharmaceutical goods have gone. We are trying to do exercise in other ways which other commodities which other manufactured items, which other electrical components we tfan send. So, it is not a grand fraud committed on this country. The third question which Vishwanathji had asked was: In what equation and proportion you have arranged the deal? In terms of dollar equated with rupee or in some other currency? Swedish kroner is the equivalent comparable...

SHRI V. GOPALSAMY: Everything goes to Swiss Banks.

SHRT P. R. DAS MUNSHI: Mr. Gopal-samy, every time if you feel Iike this, *T* think, you listen to him who talked just

[Shri P. R. Das Munshi]

now about trade and morality, Now, Sir, what I want to say is this: We have taken the steps to see th'at more new items are identified and included. I entirely agree with Vishwanathji that merely talking of international price does not justify to maintain the balance of trade in terms of exports. I entirely share with him. There are many commodities which if I sell in terms of international price, my coustry will suffer. What we will say is that (a) it must go to exportable surplus, and (b) if that is sold at international price competing with others, fetching a new market, that would not affect our economy and our coun ry's status. There, I have repeated in my statement in the beginning that we are not only taking steps but we are also scrutinising that 'n the export credit if we. find a single case has been gone in this matter in any unit, the STC will rake up immediately with the Bofors and that is why another meeting will be held in January for these matters to be taken up. Now, commissions and commissions. Tt is not commission in that sense. We all know that STC is a trading house, it is not a manufacturing house. Whether the Bofors or their associates or the agencies buy material from the STC or the private parties, the STC will get a service ch'arge which we will call a service charge. Even if they b ty anything from a private party-through letter of credit they cannot pay him dire tly His deal is to be accounted, the account is to be opened in the name of the STC. Payments should come to STC. STC will first take his service charge and then reimburse the amount which is payable to him. There is nothing wrong, nothing fraud that has been committed at any level, at any point. Now. the question is whether you will be able to achieve it within ten years. I think, hon. Vishwanathji knows it very well—he was in the Commerce Ministry—that trade cycle is ^ matter where you cannot make a commitment year-wise, specially in a developing country or om a developed one where the exchange of counter-trade takes place, which is the area, pushing our material and taking care of our own country's economy am to be sorted out. Sometimes it jumps in a big way. sometimes a little. Tt depends on our own monitoring how we are narrowing the gap. And on that monitoring part, I will tell and inform the hon. Members that we are taking every 6tep to see that we do not fail in our endeavour. So, there was no grand fraud committed on this. Using such kind of accusations is very easy. But at least I felt for myself, not for anybody else or for Mr. V. P. Singhji, who held the Commerce portfolio at length, who held Finance Ministry, that in such matters specially the role of the STC and others is not merely a role just t$_0$ talk and criticise.

And finally, Sir, T conclude my reply by saying that 'n the entire agreement the counter-trade effort is an exercise by our side, how to balance the trade with Sweden, taking the situtaion into account that our foreign exchange will be spent heavily in the gun deal. It is not that because the counter-trade is not taking place properly so the guns will be returned and guns wil! be going back. It is not the main agreement. The main agreement is about the guns, which is being looked after by the Joint Parliamentary Committee, the quality and other things, etc. etc. But the countertrade effort is a limited effort to see whether we can achieve 50 per cent within this clause and the conditions and the para-meters. And I am confident, Vishwanathji will agree with me that in every matter, in trade practices when country to country counter-trade arrangements are made, only monitoring is the guarantee of **the** success and the initiative. No definite guarantee can be made. I referred to the matter in the morning; even in bilateral trade matters where we have to make 2.5 times 'as in the Indo-Soviet trade, if some body says, today's figure is 3,000, how can you make 9.200 after three years, I say we can identify a few more items next year. So, this is not the issue. In that way vou have to look into it. T respectfully therefore submit, please do not see any ' thing otherwise in this matter. Give your best support and confidence to the **STC.** I feel only pity for the gentleman, who is not here fo defend himself. I can produce his papers in the House. The Jaslok Hospital warned him with a letter, if you do not take care of yourself, you will

die. This is the direction. He was the for mer Chairm'an of the STC. He came re peatedly! to me long before this trade agreement was signed.

उसने कहा, हमको छुट्ट कर दीजिये, हम नहीं रहेंगे, हम कर जायेंगें ।

He was so sick and I personally told him, at least bear with us for a month and then you go. lt is not that he did anything wrong. He is generally a gentleman, a good man and he tried to do his best in the STC. He had nothing wrong in it.

With these words, Sir, I, conclude and I hope Vishwanathji will not take anything amiss. . *(Interruptions).*

SHRI DIPEN GHOSH: Is it a coincidence that Win Chadha also fell in the U.S.A.?

SHRI P. R. DAS MUNSHI: Mr. Dipen Ghosh, it is not wise to allege in this matter. *(Interruptions).*

SHRI VISHWANATH PRATAP SINGH: Only one question has remained unanswered. Will the Government take steps to ensure our counter-trade, take action under the main clause for failure of the Bofors to have supplied the extended range shells?

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I am not able to understand your question.

SHRI VISHWANATH PRATAP SINGH: Sir, counter-trade depends on what we buy. Now, if there is a failure on the part of the Bofors to supply the extended range shells which is 80 percent of our requirements, to that extent our trade blocks and if it is a good thing for that trade to take place, then because of that provision, we have a right to take penal action under the main contract. Will th$_e$ Government take penal action against the Bofors in the main contract for failura to supply the extended range shells which will ensure our counter-trade here? *(Interruptions)*

SHRI P. R. DAS MUNSHI; As I stated. Sir I cannot say anything about the shells, but so far as the counter-trade is concerned T assure the hon. Member... *(Interruptions)*

SHRI VISHWANATH PRATAP SINGH: That lever should be pulled to boost our counter trade.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); He cannot do it. Yes, Mr. Tiwariji.

THE MINISTER OF FINANCE AND THE MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): Sir, in the last three hours 'and more the opposition Parliamentary guns have been booming; booming very loud and clear and I think they are responsibly performing basically their role of what Lord Randolf Churchill said, that the basic task of the Opposition is t$_0$ oppose the Government, no less, no more. So, I take that whatever questions have been fired on us in that respect that it is the responsibility 'and the task of the opposition to ask questions and oppose the Government no more no less.

Sir, I do not find it $_a$ very edifying spec. tacle that my erstwhile colleague and younger brother, the Hon. Member from Uttar Pradesh, the ex. Commerce Minister, ex. Finance Minister, ex. Defence Minister, is now sitting in the opposition; I do not gnd it an edifying spectacle to compliment him on bis maiden speech sitting in the Opposition. Hitderto we have sat together; We have shared many a Parliamentary volley together, he has answered many volleys of the Opposition, I think. more effectively than I can, as the Leader here and he has opposed and exposed many so-called frauds on the people. And whenever the Opposition said that th's Government has committed a fraud on the people he has defended the Govern-ment. So, it is not very edifying for me to find him in the Opposition benches and repeating the same charge which I would not have liked him to do.

I am in the horns of $_a$ dilemma. I would like to offer answers to many of the questions, perhaps many of the pertinent questions, very eloquently put by veterans of this House, but I have found myself circumscribed by the rules of this House. I find that under rule 47(2)(ix) of the Rajya Sabha rules, i cannot myself,

[Shri Narayan Datt Tiwari] even if I want to and even if I have got the facts with me, reply on matters which are under consideration of a Parliamentary Committee. Sir, with all humility, I have submitted before the Chairman when the Business Advisory Committee met that let this great House, this repository of Parliamentary practices and procedures, not create precedents which might be quoted ag'ainst Parliamentary traditions in the coming years...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); 1 am not allowing it.

SHRI NARAYAN DATT TIWARI: 1 am just trying to make a general formulation. Therefore, as one who has practised Parliamentary practices and procedures, having the humble privilege of serving at the altar of Parliamentary democracy ever since 1952,1 would not like to venture myself in answering questions wherein I would myself be a party to Parliamentary breach of the rules. I would not do that and I would beg permission through you from the veteran Members of this House that they will permit me not to do so.

What is the matter before us? The matter is very simple; of cousre, it is complex but it is simple also. The question here is about the Commerce Ministry. When did the Commerce Ministry come in? Commerce Ministry did not negotiate with Bofors' main deal. It was the Defence Ministry which has been primarily responsible for this, with all t'neir experts, Generals and they were evaluating the various offers... *(Interruptions).!* know my dear Prof., learned professor representing Andhra Pradesh. I have heard him with utmost respect and hence I would ^{n}O(be guilty of any breach of impropriety or etiquette if I request him humbly that I may be given the same attention, if I can. Therefore, what I was mentioning is that it was not the Commerce Ministry or the STC. The STC was nominated as the nodal agency for the Commerce Ministry. Who asked the Commerce Ministry? It was the Defence Ministry which asked the Commerce Ministry to give names of items if there was an agreement with Bofors, lt was some time in March, 1985 probably on 24th of March 1986 that the deal was signed by the Ministry of Defence and it was some time in December 1985 that the Commerce Ministry was asked to give names of items which could form part of the counter-trade with Bofors. if need arose...

AN HON. MEMBER; December 1986, it was.

SHRI NARAYAN DATT TIWARI: In December 1985, negotiations were going on before the contract was signed.

Now, what is our responsibility? We only came into the picture later. I am very much beholdened to another hon. Member from Uttar Pradesh, the ex. State Minister of Defence, who mentioned that our responsibility is secondary. It is not primary. It is not primarily the export deal. it is a secondary deal, appurtenant to the main deal in regard to ihe Bofors gun supply. If the gun deal had not been there, there would hav$_{e}$ been no counter-trade. Tliere is no question. I would say. with all respeet, to my learned friend, one of our very great Parliamentarians, -a very learned Member from Karnataka. Of course, this is an integral part of the agreement. But this is not a primary deal. It cannot be put on the same pedestal ^{on} the same platform as the Bofors gun deal. It is an appur-tenanU supplementary, consequential deal. As the hon. Member from U.P. said this has been entered into ta case the balance of payments position. This was the main thing because, otherwise the contract would have meant a very great drain on our foreign exchange position. Therefore, to balance it to the extent of 50 per cent by this counter-trade, this con-Iraci was entered into. As the Finance Minister I would say that it is in the Interest of the finances of the country, the foregin exchange reserves position and ihe balance of payments situation. It is stipulated that the imports by Bofors should not be less than 50 per cent of the value of the main contract. That is how the agreement goes.

Now. Sir, 1 hav$_{e}$ been asked by my learned friends that I should place on the Table °f the House the agreement, the MOU. Well, as I said, this MOU comes

from the main contract with Bofors which is before the Joint Parliamentary Com mittee. 1 do not know whether this has already been placed before the Com mittee. If this had not beea done 1 would certainly lay on the Table" of the Com mittee. .

SHRl PARVATHANENI UPENDRA: A Parliamentary Question has been answered. (Interruptions) You answered ;; Parliamentary Question in the Lok Sabha on this.

SHRl V. GOPALSAMY: We have to pay tribule to the hon. Minister. He could escape our gunfire.

SHRI NARAYAN DATT TIWARI: With the]ittie knowledge that I have of Parliamentary practice and procedure. I can say that ihe Table of a Parliamentary CommiUee is ihe 'lable of the House in microcosm. Ultimately, whatever the Joint Parliamentary Committee decides will be reporied to both the Houses. *(Interrup-Hans)* We would very happily make available from the STC agreement, minutes etc. to the Joint Parliamentary Committee who, in their wisdom may like to append these papers to thei$_r$ report,

SHRI PARVATHANENI UPENDRA: We heard Mr. Das Munshi's speech with seriousness and we are hearing your speech in 'amusement.

SHRI NARAYAN DATT TIWARI; 1 would not Iike to bandy arguments with the distinguished Member from Andhra Pradesh. J know in his Parliamentary ebullience, sometimes prevaricates this way or the other. Sir, this agreement does not cover onlycashewnuls or tea. *(Interruptions)* By devaluating cashewnuts I think we are riot doing justice to the millions of our workers who are porducing cashew-nuts. Let us respect their hard labour and toil. They are earning the much-needed foreign exchange for our country. Le$_t$ us not berate them. How can we compare cashewnuts with Bofors gun or 'any other gun?

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Vishwanath Pratap Singh knows about cashewnuts.

SHRI NARAYAN DATT TIWARI: Please tio not compare cashevvnuts with guns. All 1 am saying is that this agreement covers not Only cashewauts, but ali commodities, products aud services produced in India in full or in part are eligible under the MOU as mutually agreed. Som$_e$ commodities have been identified, some have not been, but there is a list, generally speaking, of companies. The list is available. If ft has not been made. alongwith orders, we will lay it before the Committee.

PARVATHANENI UPENDRA: not answered my main question under clause 31 of the main conaged that Bofors would invoi this counter-trade.

SHRI NARAYAN DATT TIWARI: what I am saying. That is there. stated by my colleague from Pardesh, he said that Bofors itself *an* armaments company, it is not a STC is certainly a trading house, it is a 1 fading Corporation. Bofors itself nominated 27companies the list of which is available with us.

SHRI LAL K. ADVANI: Please read the

RI DIPEN GHOSH; The Minister of touched my specific question. He 'nas left it to be replied by you.

SHRI PARVATHANENI UPENDRA: How much commission is Bofors paying Lay it on the Table.

SHRl NARAYAN DATT TIWARI: Bofors ary contractors have engineering industries. The list of its companies, if you want. I can read out.

SHRI PARVATHANENI. UPENDRA: Lay il on ihe Table of the House.

SHRJ NARAYAN DATT TIWARI: Ye$_s$ I can lay it on the Table of the House, there is no harm in it. I can lay on the Table of the Committee. It is already there.

SHR! VISHWANATH PRATAP SINGH: For laying it on the Table of the Committee, as Finance Minister Tiwari-ji will have to finance money. Then the lable of the Committee will be there.

SHRI NARAYAN DATT TIWARI: I rill certainly take a leaf out of the advice iven to me by the ex-Finance Minister.

SHRl VISHWANATH PRATAP JNGH: One question remians unanswered inder the main contract, which is very elevanl. Will the Government take penal ;tion under the main contract for Bofors ot supplying the extended range shells?

THE VICE-CHAIRMAN (SHRI AGESH DESAI): That is the question bout guns. How can he reply? If the iovernment wants to answer I have no bjeciion but [will not compel him to nswer.

SHRI NARAYAN DATT TIWARI: 'hat I wan; to say is, in the MOU itself is very clearly mentioned that if there any dispute .the provision relating to spute in the original contract will ap- y. It is very clear. So, may assure the m. Members that according to the terms MOU, if there is any dispute the same ovisions of the original Bofors contract II apply.

SHRI PARVATHANENl UPENDRA: hat ,'are those original provisions?

SHRl V. NARAYANASAMY: These inoi be mentioned.

SHRl NARAYAN DATT TIWARI: art from that there is a performance uanlce up to 5 *per* cent. This provision the agreement can also be invoked. I may assure 'he hon. Members that precautions have been taken during his ure when he was a member of the vernment, because MOU was agreed n when he had the privilege of being nember $_0$f the Government.

HRI VISHWANATH PRATAP GH: Where was the MOU process at time? It was in the Commerce Minis- When the MOU was drafted, it was '•een STC and Bofors. So, it had been ted for STC and Bofors

iRI NARAYAN DATT TIWARI: is what I have been saying. You certainly helped me by s'aying this, pe the Opposition will certainly heed my trstwhile member $_0$f the Govern-hns said lhat it is an agreement between the STC and Bofors. So, I will certainly say everything is on the Table of the House through the Table of the Committee.

SHRI DIPEN GHOSH: Is there no under-the-table transaction? Can you say that?

SHRI NARAYAN DATT TIWARI: Enough has been said on honesty and dishonesty in this country. Why should we go around telling the whole world that everybody is dishonest, corrupt? This Impression should not go round. This is not the story. The impression that is being created is not conducive to the functioning of our parliamentary democracy. So in all earnestness and humility, I would urge my hon. colleagues, let us creat a climate of consensus. Parliametary democracy functions through consensus. Therefore 1 would say whether it is this transaction or others, let us see them in the right spirit, in the right perspective. Then we will have done our duty. Thank you.

MESSAGE FROM THE LOK SABHA

The Appropraitton (No 5) Bill 1987

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha signed by the Secretary-General of the Lok Sabha.

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Appropriation (No. 5).Bill, 1987, 'as passed by Lok Sabha at its silting held on the 7th ' December, 1987.

The Speaker has certified thai this Bill is a Money Bill within the meaning of article 110 of the Constitution."

Sir, I lay a copy of the Bill on the Table.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI); The House now stands adjourned and will meet again on Tuesday, the 8th December, 1987, at 11 a.m.

The House then adjourned at twenty-seven minutes past nine of Ihe clock, till eleven of the clock,' on Tuesday, the 8th December, 1987.